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ABSTRACT

This Congressional report contains the testimony presented at a hearing to examine the extent to which Temporary Assistance for Needy Families (TANF) work services are being provided through the one-stop career centers established through the Workforce Investment Act and to determine how such linkages are impacting program participants. The oral statements of the following individuals are presented: Howard "Buck" McKeon and Patsy T. Mink, Subcommittee on 21st Century Competitiveness, Committee on Education and the Workforce, U.S. House of Representatives; Sigurd R. Nilsen, director, education, workforce, and income security issues, U.S. General Accounting Office (GAO); Greg Gardner, interim executive director, Utah Department of Workforce Services; John B. O'Reilly, Jr., executive director, Southeastern Michigan Community Alliance; Erika Kates, senior research associate, Heller Graduate School, Brandeis University, and executive director, Welfare, Education, Training, Access Coalition, Boston, Massachusetts; and Barbara Gault, director of research, Institute for Women's Policy Research. The report's eight appendixes contain the written statements submitted by the witnesses plus the text of the GAO report "Workforce Investment Act: Coordination between TANF Programs and One-Stop Centers Is Increasing, But Challenges Remain" and the written statement submitted by the Utah Department of Workforce Services in response to questions regarding Utah's extension policy. (MN)

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WELFARE TO WORK: TIES BETWEEN TANF AND WORKFORCE DEVELOPMENT

ED 470 788

HEARING

BEFORE THE

SUBCOMMITTEE ON 21ST CENTURY COMPETITIVENESS

OF THE

COMMITTEE ON EDUCATION AND THE WORKFORCE

HOUSE OF REPRESENTATIVES

ONE HUNDRED SEVENTH CONGRESS

SECOND SESSION

HEARING HELD IN WASHINGTON, DC, MARCH 12, 2002

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HEARING ON WELFARE TO WORK:

TIES BETWEEN TANF AND WORKFORCE DEVELOPMENT

Tuesday, March 12, 2002

U.S. House of Representatives

Subcommittee on 21st Century Competitiveness

Committee on Education and the Workforce

Washington, D.C.

The Committee met, pursuant to notice, at 2:03 p.m., in Room 2175, Rayburn House Office Building, Hon. Howard P. (Buck) McKeon, Chairman of the Subcommittee, presiding.

Present: Representatives McKeon, Isakson, Boehner, Castle, Osborne, Mink, and Rivers.

Staff present: Stephanie Milburn, Professional Staff Member; John Cline, Professional Staff Member; Travis McCoy, Legislative Assistant; Patrick Lyden, Professional Staff Member; Scott Galupo, Communications Specialist; and, Deborah L. Samantar, Committee Clerk/Intern Coordinator.

Michele Varnhagen, Minority Labor Counsel/Coordinator; Brendan O'Neil, Minority Legislative Associate/Education; and, Joe Novotny, Minority Staff Assistant/Education.

Chairman McKeon. The Subcommittee on 21st Century Competitiveness will come to order.

We are meeting today to hear testimony on Welfare and Workforce Development. Under Committee Rule 12B, opening statements are limited to the Chairman and the Ranking Minority Member of the Subcommittee. Therefore, if other Members have statements, they may be included in the hearing record. With that, I ask unanimous consent for the hearing record to remain open 14 days to allow Member statements and other extraneous materials referenced during the hearing to be submitted for the official hearing record.

Without objection, so ordered.

OPENING STATEMENT OF CHAIRMAN BUCK MCKEON, SUBCOMMITTE ON 21ST CENTURY COMPETITIVENESS, COMMITTEE ON EDUCATION AND THE WORKFORCE

Good afternoon. Thank you for joining us for this important hearing today to hear testimony on the interaction between the Temporary Assistance for Needy Families, or TANF, block grant and the workforce investment system created through the Workforce Investment Act, or WIA. This Committee will play a vital role in the reauthorization of welfare reform over the next few months during consideration of the President's proposal to further welfare reform by increasing independence and strengthening families.

Today, building on the previous hearings that we have held on welfare reform, we will examine the extent to which TANF work services are provided through One-Stop Career Centers established through WIA and how such linkages impact participants.

In 1998, under this Committee's leadership, Congress passed the Workforce Investment Act to integrate the nation's job training system that formerly was fragmented, contained overlapping programs, and did not serve either job seekers or employers well. WIA consolidated and integrated employment, education, and training services at the local level in a more unified workforce development system.

The system operates through One-Stop Career Centers, at which numerous programs must make their services available. The one-stop centers are local offices that offer job preparation and placement services to job seekers and opportunities for employers to find workers. Numerous programs are required to offer their services through the system, including vocational education, veterans' employment and training, welfare to work, employment services, vocational rehab programs, adult education, just to name a few.

In addition, direct WIA services also are provided to dislocated workers, adults seeking better employment, and youth. WIA services for workers include core services such as accessible job listings and assistance with job search; intensive services such as one-on-one career counseling and skills assessments; and job training.

The overall purpose of these activities is to promote an increase in employment, job retention, earning and occupational skills improvement by participants. This, in turn, improves the quality of the workforce, reduces welfare dependency and improves the productivity and competitiveness of the nation.

WIA also created a stronger role for the private sector in the workforce system. Local workforce investment boards, which are required to have a majority of their members representing business, direct all WIA activities.

Now just beginning its second year of implementation, states and local areas have created comprehensive services and effective one-stop delivery systems with streamlined access to training programs. In addition, core, intensive and training services provided through WIA are invaluable in assisting adult workers in areas of the country facing skill shortages. Such assistance is essential for enhancing the 21st century workforce. The WIA system can and will effectively meet these training and employment needs, giving us the opportunity to compete in the global economy. The WIA system, without a doubt, contains the Federal Government's primary programs for investment in our nation's workforce preparation.

The President's welfare reauthorization plan enhances the emphasis on moving welfare participants to work. The proposal also includes additional flexibility for states to enroll clients in other constructive activities, including education and training. Research suggests that a combination of work and training may have the best outcome for families. It is because of this continued emphasis on work that Congress must support America's workforce investment efforts.

Currently, work programs funded through the TANF grant are optional partners in the one-stop centers. In many states, the TANF system and the workforce development and one-stop systems are overseen by different entities at the state and local levels. Yet, both operate work programs. The General Accounting Office is conducting a study to determine how TANF employment and training services are being provided and why states have created these structures.

Enhancing coordination and linkages between TANF and the WIA one-stop workforce development system could have positive impact on clients. Coordination could encourage a continuum of services for low-income individuals that may become unemployed after leaving welfare. In addition, creating a connection to the WIA system would ensure TANF clients could have access to labor market information and job listings maintained at the one-stops and could increase connections to the business community.

During this hearing, the GAO will offer a report on their findings to date. We expect to hear that nearly all states reported some coordination at the state and local level between the programs. We will also hear from two states that have been pioneers in creating linkages between the systems, Utah and Michigan. The witnesses will share how their systems provide services to TANF clients as job seekers. Finally, we will hear from two researchers who have examined linkages between the systems.

The Committee welcomes your insights. I am sure the witness' testimonies will be invaluable as we prepare to begin welfare reform reauthorization.

WRITTEN OPENING STATEMENT OF CHAIRMAN BUCK MCKEON, SUBCOMMITTEE ON 21ST CENTURY COMPETITIVENESS, COMMITTEE ON EDUCATION AN THE WORKFORCE – SEE APPENDIX A

Chairman McKeon. With that, I would like to recognize Congresswoman Mink for her opening statement.

OPENING STATEMENT OF RANKING MEMBER PATSY MINK, SUBCOMMITTEE ON 21ST CENTURY COMPETITIVENESS, COMMITTEE ON EDUCATION AND THE WORKFORCE

Thank you very much, Mr. Chairman. I, too, want to welcome our witnesses here today. I look forward to hearing what you have to say about these two programs. The issue of the extent to which TANF recipients are able to participate in the new consolidated arrangements between the WIA program and TANF, I think, is a very crucial matter. It is an optional partnership. And so we need to look at ways in which to improve that relationship, if not make it mandatory.

We are looking for answers to the question of how much the Workforce Investment Act and TANF are actually coordinated in the states and to what extent they need to be improved. The important questions, I think, have to do with the extent to which this one-stop center and the new mandates under workforce investment have actually helped the TANF clients obtain the training and educational services that they need. What kinds of jobs were the TANF recipients directed to under the coordinated one-stop operations? These are the kinds of questions we need to answer as we head into the TANF reauthorization effort.

We know that TANF recipients have found work in considerable numbers. And we need to know, however, what role the workforce investment program played in making this possible. Are the employers using the workforce investment system to help TANF clients to gain jobs and also improve their skills to meet the workforce opportunities that there are in this particular economy? Whether it is a recession or not, still there are opportunities. But I think a lot of it depends on adequate skills training and further education.

The ability of TANF recipients to find jobs that can afford an adequate living is a challenge, and I think one that Congress has to deal with directly when reauthorizing TANF. The one way to improve that wage-earning capacity for the recipient is by education and training, which is the obligation of the WIA system.

TANF laws, however, look to the concept of work first. So we have always criticized that approach because it meant any job rather than the best job that that individual could acquire with necessary training and education. These are things I think that we need to look at under the TANF program and to see ways in which we can strengthen the coordination in relationship with the

workforce investment program.

I think that that's the guidance that we seek from our witnesses today. We know that there have been some very difficult problems in coordination because of the different eligibilities that each of the programs has by statute and how these are to be overcome. And how you guide the TANF recipient particularly over their precarious course of differing eligibilities for different pots of money that has now been asked to coordinate their activities in a one-stop center is very complicated.

I have also been told that there are difficulties in terms of who pays the rent for the one-stop centers. And how do you coordinate the overhead expenditures besides the conflicting eligibility requirements for the participants?

If the individual is not a TANF recipient, I think it is a lot easier. But with TANF recipients, I think that the problems are compounded, and what we need today is to learn from you who have studied the system and can offer us advice as we look to the reauthorization. We want to make sure that in reauthorizing TANF, if we can to some extent improve the one-stop centers and the coordination to the end that we are improving the opportunities for the TANF recipients, that is exactly what we want to do.

So I look forward to your testimony. We want to make sure that the TANF recipients have a chance for a better life. And I ask unanimous consent, Mr. Chairman, to have my statement included in the record. Thank you.

WRITTEN OPENING STATEMENT OF RANKING MEMBER PATSY MINK, SUBCOMMITTEE ON 21ST CENTURY COMPETITIVENESS, COMMITTEE ON EDUCATION AND THE WORKFORCE – SEE APPENDIX B

Chairman McKeon. No objection. So ordered.

Right now I'd like to introduce our witnesses. First, we'll hear from Dr. Sigurd Nilsen. Dr. Nilsen is Director of Education, Workforce, and Income Security Issues at the General Accounting Office. Dr. Nilsen has over 25 years of policy analysis experience. He earned his Ph.D. in Economics from Cornell and has been rewarded the GAO's meritorious service award.

Then we will hear from Greg Gardner. Mr. Gardner is the Interim Executive Director and Former Director of Strategic Planning for the Utah Department of Workforce Services. Mr. Gardner has worked for the Department since 1996. Prior to that, he worked at the Utah Department of Community and Economic Development where he served as the Program Director.

Next, we will hear from John B. O'Reilly, Jr. Mr. O'Reilly is the Executive Director of the Southeastern Michigan Community Alliance, one of 25 Michigan works agencies that operate Michigan's one-stop employment centers. Mr. O'Reilly received his Juris Doctor degree from the

University of Detroit and has been a licensed Michigan attorney since 1980.

Then we will hear from Dr. Erika Kates. Dr. Kates is a Senior Fellow Research Associate at the Heller Graduate School of Social Policy and Management at Brandeis University where she is also the Executive Director of the Welfare, Education, Training, Access Coalition. Dr. Kates received her Ph.D. from Brandeis University.

And finally, we will hear from Dr. Barbara Gault, Director of Research at the Institute for Women's Policy Research. Dr. Gault received her Ph.D. in Social Psychology from the University of Pennsylvania.

We will begin with Dr. Nilsen, please.

STATEMENT OF SIGURD R. NILSEN, Ph.D., DIRECTOR, EDUCATION, WORKFORCE, AND INCOME SECURITY ISSUES, UNITED STATES GENERAL ACCOUNTING OFFICE, WASHINGTON, D.C.

Mr. Chairman and Members of the Subcommittee, I am pleased to be here today to discuss the coordination of services for TANF clients through the one-stop centers established under the Workforce Investment Act and the challenges that states' localities have faced in integrating assistance under these two programs.

The 1996 welfare reform legislation, which created TANF, directed welfare agencies to focus on helping needy adults find and maintain employment, a goal that has long been the province of the workforce development system.

Congress passed WIA in 1998 to unify a fragmented employment and training system creating a new comprehensive workforce investment system. Despite the similar focus, TANF was not mandated to participate in the one-stop system. However, as we reported in testimony before this Committee in a joint hearing with the Human Resources Subcommittee of Ways and Means, many states and localities are coordinating their TANF programs with one-stops. With the emphasis on work intensifying in the current TANF reform reauthorization debate and next year's reauthorization of WIA looming, the coordination of TANF and WIA programs may become increasingly more important and a focus of attention.

Today, I would like to provide an update to our work in this area for which we surveyed late last year, workforce development agency officials in all 50 states. We conducted phone interviews with state TANF and workforce officials in 12 states, and we visited one-stops in nine locations right across four states.

Overall, we found that state and local efforts to coordinate TANF assistance with WIA increased in 2001 over what we had found and reported just a year-and-a-half earlier. Nearly all states reported some coordination at the state or local level using a range of methods including

informal linkages, formal linkages, shared intake or integrated case management.

At the state level, 28 states reported that they made extensive use of formal linkages such as memorandums of understanding between the agencies administering TANF and WIA in 2001. Similarly, 19 states reported that they used coordinated planning to a great extent in 2001. Both represent a slight increase over what we found in 2000. In fact, virtually all the indicators of state level coordination between TANF and WIA increased between 2000 and 2001. For example, the number of states using TANF funds to support one-stop centers increased to 36 states in 2001 up from 33 states in 2000.

Some of the largest gains in program coordination were at the local level with the most dramatic changes occurring in informal linkages. Forty-four states reported that most of their one-stop centers had informal linkages with their TANF programs in 2001, 25 percent more than we found in 2000. Similarly, 16 states reported that most of their one-stop centers had shared intake or enrollment systems in 2001, up from 13 states in 2000.

Turning now to the provision of services, 39 states told us that they coordinate their TANF work programs through their one-stops. Twenty-four states reported that services for TANF were co-located, meaning they were on site together, at the majority of their one-stops, the same as in 2000. However, the use of electronic linkages or referrals increased with 15 states reporting that services for the TANF work program were either electronically linked to the majority of their one-stop centers or provided by referral between the two programs, four more states than we had found just a year earlier.

As for TANF cash assistance, 41 states had TANF linked to the majority of their one-stops most frequently electronically or by referral both in 2000 and 2001. State and local officials told us that decisions about how services were delivered were based upon state and local preferences. In addition, local conditions such as geographically dispersed one-stop centers and low population density of TANF clients also influenced state and local decisions on how to coordinate TANF related programs with one-stop centers.

Despite increases in coordination between the TANF program and one-stops from 2000 to 2001, states and localities have continued to face challenges in coordinating their TANF work programs with one-stop centers. The existing flexibility under TANF and WIA allowed states and localities to find solutions for some of the challenges. However, other challenges cannot be easily resolved at the local level.

Specifically we were told that coordination efforts were hindered by infrastructure limitations, specifically limited space within the one-stops for bringing the two systems together. States and localities we visited also reported that the inabilities to link the information systems of TANF work programs and one-stops complicated their coordination efforts. Also, incompatible program definitions and reporting requirements attached to the various funding streams also hindered program coordination.

In conclusion, even though TANF was not made a mandatory partner under WIA, we see evidence that states and localities are increasing their efforts to bring services together to fit local

needs. These changes, like all culture changes, will take time. But it appears that as the systems mature and their shared purposes and goals become evident, many states and localities find it advantageous to coordinate this assistance. Many state and local officials hailed the flexibility of TANF and WIA as important in helping them design their service delivery systems and integrate services. But their efforts to bring services together continue to be hampered by the same obstacles we reported nearly two years ago, that is, limited capacity to develop the infrastructure and the need to respond to the multiple program requirements and reporting. As Congress moves toward reauthorizing both TANF this year and WIA next year, consideration should be given to finding ways to remove these obstacles to service integration.

Mr. Chairman, this concludes my prepared statement. I will be happy to answer questions you or other members of the subcommittee may have.

WRITTEN STATEMENT OF SIGURD R. NILSEN, Ph.D., DIRECTOR, EDUCATION, WORKFORCE, AND INCOME SECURITY ISSUES, UNITED STATES GENERAL ACCOUNTING OFFICE, WASHINGTON, D.C. – SEE APPENDIX C

Chairman McKeon. Thank you very much.

Mr. Gardner?

STATEMENT OF GREG GARDNER, INTERIM EXECUTIVE DIRECTOR, UTAH DEPARTMENT OF WORKFORCE SERVICES, SALT LAKE CITY, UT

Good afternoon, Mr. Chairman and Members of the Subcommittee. I appreciate this opportunity to come and testify before you this afternoon.

The Department of Workforce Services is the product of Utah's bold vision for the future of quality workforce development. It is a consolidation of all employment related functions into a comprehensive service delivery system. Now job seeker and employer customers can access the services they need without the confusion and burden of working with multiple agencies. Utah was one of the first states to consolidate employment and welfare programs and establish a statewide system of one-stop employment centers.

The agencies subsumed under workforce services on July 1, 1997 were the following: The Department of Employment Security, or Job Service; The Office of Family Support, which administered our public assistance programs; The Office of Job Training, which coordinated job training programs; The Office of Child Care, which was created to assure quality child care; and, The Turning Point Program, which served displaced homemakers.

The key accomplishment of the Department's consolidation has been the total revamping of its service delivery structure. The centerpiece of the structure has been our 38 one-stop employment centers located throughout the state that offer a full array of employment training, case management and supportive services such as TANF, child care, food stamps, medical assistance, unemployment insurance, job referrals and career information for the job seeker.

Welfare Reform in Utah: In 1993, Utah received a federal waiver to launch its welfare reform program that was designed to increase income through earnings and child support. When the federal welfare law was enacted, Utah implemented a 36 month lifetime limit with extensions for those who are medically unable to work, victims of domestic violence, parents caring for the medical needs of a dependent, those unable to complete education or training programs. The integration of our workforce programs directly supported Utah's welfare reform efforts by making comprehensive employment and training services available to our cash assistance customers in each of our one-stop centers.

The Workforce Investment Act has also significantly impacted our role by ensuring that we provide employment and training services to the "universal customer," rather than to income-eligible participants.

Utah's One-Stop System: Services are available universally to all workforce services customers and are geared toward assisting job seekers to find their first job, a better job, and then a career. When job seekers or employers call or come into our local employment center, their employment needs are assessed to determine which services are most appropriate.

Our organizational philosophy is that entry-level positions are intended to be a stepping-stone towards skilled development and greater employment opportunities. Every customer, whether they are a single parent returning to the workforce or a displaced worker, is invited to return to us for additional employment and/or training opportunities.

One of the benefits of the integrated system has been our ability to leverage resources to better serve the "universal customer" as defined by WIA. For example, several million dollars of TANF funds have been made available to provide training services to TANF-eligible customers. By using TANF funds to pay for customers who are low income and have children in the home, more WIA funds can be used for individuals who may not have children, are universal customers, or are considered a part of the working poor. Like many other states, Utah has been successful in moving its welfare customers into employment and has received two bonuses Health and Human Services for job placement and retention.

Our Challenges: The challenges facing our workforce system can be summed up in two areas, funding and, two, simplification and alignment of federal rules and regulations.

Let me focus on the second one. Utah has been able to provide customers access to a wide variety of services in a seamless manner. However, we continue to face challenges because of a lack of alignment between federal rules and regulations. Utah often faces conflicting performance systems, outcomes, definitions, eligibility criteria, data collection requirements, reporting systems between programs. For example, differences in the definitions of eligibility criteria between federal

funding streams encumber the delivery of services in a one-stop environment. One small example is that states are required to determine household composition differently under the TANF block grant than under WIA.

Simplification and alignment of federal rules and regulations by legislative changes or through waiver authority is critical to truly support an integrated service delivery. We support the Administration's provisions for what they call "super waivers" and would volunteer to implement demonstration programs that would test a truly integrated one-stop system.

This concludes my verbal remarks. I thank you for the opportunity to testify this afternoon and will be willing to answer your questions later. Thank you.

WRITTEN STATEMENT OF GREG GARDNER, INTERIM EXECUTIVE DIRECTOR, UTAH DEPARTMENT OF WORKFORCE SERVICES, SALT LAKE CITY, UT – SEE APPENDIX D

Chairman McKeon. Thank you.

Mr. O'Reilly?

STATEMENT OF JOHN B. O'REILLY, JR., EXECUTIVE DIRECTOR, SOUTHEASTERN MICHIGAN COMMUNITY ALLIANCE, TAYLOR, MI

Good afternoon, Chairman McKeon and Members of the Subcommittee. I was asked to testify today by the Michigan Department of Career Development on behalf of the State of Michigan and Governor Engler.

There are 25 Michigan Works Agencies in Michigan, and I am going to digress from this speech, because in essence what Mr. Gardner said about Utah and the state directed system is true in Michigan. While we have 25 different workforce boards that carry it out, we do it under a similar model. And I would rather talk to you about some of the issues that you have raised in your opening remarks because I think it is more to the point.

As I said, the area that I have worked with for over 15 years through JTPA and into the WIA system and all the other workforce programs serves about 1.3 million people, and it serves communities that range from rural to urban. So we have a wide span.

Today I brought with me a folder of materials that was provided to each Member of the Committee. It has a lot of information. Actually the base document is our recruitment package. Our workforce boards in Michigan, in particular mine, have taken their mission well to heart and have really become aggressive about carrying out the activities under WIA, TANF, workforce side, ES, and veterans' services.

Michigan Rehab, which is our voc rehab, really embraces that mission. The mission statement they created for themselves in 1996, which is when we started one-stop, is to provide leadership to create a lifelong workforce development learning system that is responsive to market demand. The key is leadership. They don't want to do it; they want to make sure it gets done. The other key is a lifelong learning system, if we're going to have a vital economy. And lastly responsiveness to market demand. I had a side conversation earlier with another presenter about an issue there that may come up in the discussion.

But when you look through the materials, you are going to find a lot of things. I've got a table of Michigan's performance data in each of the different TANF programs that will be helpful in terms of getting some idea of what kind of results are really happening. There is a packet that has our annual data. It covers all the different agencies that we contract with and all the different funding streams we have. And an important part is our strategic planning, executive summary, because really that's where the board begins to put teeth into that leadership role.

When we look at this, what we see is that in Michigan in 1994 Governor Engler determined by looking around at some of the premier pilot programs that he wanted to do a labor attachment program for those people who were on public assistance. And that was the beginning of Work First.

In order to carry out that program, he turned to the workforce boards. At that time, they were called Private Industry Councils, or PICs. But they were still public-private partnerships that in fact sat at the table and determined what needed to happen in their region. That continues to be true. So we have actually had those programs combined with our JTPA workforce programs since 1994. It works beautifully.

In 1996, the Governor decided to implement a one-stop delivery system. And at that point, we created over 100 one-stop service centers throughout the State of Michigan in 25 different regions, or SDAs. That's really been dramatic. Again, when we look at last year, we see that of the $89,744,000 that was allocated from TANF funds for Work First employment programs, that 99.9 percent were spent serving 119,245 FIA participants, 58,830 of whom became employed.

Over the weekend I was in my office, and I looked at the first quarter report for this past year, and Michigan already has 26,000 persons employed. What really works is these partnerships didn't form because people really wanted them to. Someone had talked about the issue of optional partnerships. These happened because of leadership and vision. These partners came a little unwillingly, a little hesitantly to the table. When they sat down, they began to see that in sharing these resources and working together our system could work.

Our FIA, which is our welfare unit, the Family Independence Agency, actually sends electronic 2439s or eligibility forms to begin the process. They have access to our databases. They can review their client data Realtime. They can read case notes from our counselors. Our counselors can review case notes from theirs. We have an open system. The Friend of the Court, also refers electronically, and uses the same databases. And in our system, we don't have problems over who pays the rent or eligibility because everybody's there. So with ES as the front door, we get around some of the debates that Voc Rehab has raised and some of the questions that they have

raised.

I served this last year on a national task force on WIA implementation, and I just have to tell you that the report is missing one key ingredient. That is that the number one obstacle to success is lack of vision and leadership. I'll be happy to speak with you about any of the particulars. Thank you.

WRITTEN STATEMENT OF JOHN B. O'REILLY, JR., EXECUTIVE DIRECTOR, SOUTHEASTERN MICHIGAN COMMUNITY ALLIANCE, TAYLOR, MI – SEE APPENDIX E

Chairman McKeon. Thank you very much.

Dr. Kates?

STATEMENT OF ERIKA KATES, Ph.D., SENIOR RESEARCH ASSOCIATE, HELLER GRADUATE SCHOOL, BRANDEIS UNIVERSITY AND EXECUTIVE DIRECTOR OF THE WELFARE, EDUCATION, TRAINING, ACCESS COALITION, BOSTON, MA

Mr. Chairman and Members of the Subcommittee, thank you for the opportunity to address the Subcommittee this afternoon.

My testimony today is based on my 6 years of experience as Director of WETAC, a program that works closely with job training specialists, employers, educators and low income women, and 16 years experience of teaching, working with, and conducting research on access to education for low income women.

At WETAC we hire and train low-income women to provide information to others about education and training, because such information is not available at either TANF or one-stop centers. The only message women hear is "get a job, any job." Workforce development personnel also have their frustrations.

At a recent meeting convened by a large Boston foundation to discuss workforce development, all participants commented on the piecemeal and fragmented resources that they and their clients have to negotiate. Certainly, we hear about the importance of improving service coordination and integration, but such improvements will not be advantageous unless they help low income people gain access to substantive education and training, particularly post secondary education. And I would like to mention five important reasons now.

First, it is essential to upgrading skills required in a 21st Century workforce. A recent study in Massachusetts, home to over 200 colleges, found that 1.2 million workers do not have the necessary skills for a 21st Century economy. They concluded that every adult should have guaranteed access to two years of public college level training. With employers importing workers from abroad, the disconnect between TANF and workforce development is alarming. I did a study of New England states that verified that.

Second, it is essential to provide a living wage for families, especially those headed by women. We hear of welfare "leavers" earning an average of $6.61 per hour when they need $10 to $15 an hour to support their families just above the poverty line. The median wage for women reaches $10 an hour when they have some college, compared to men who can reach $11.25 with a high school diploma. To earn $15 an hour for women requires a bachelor's degree, compared to men, who earn $19 an hour with only some college. And for women of color, the wage differentials are more marked than this.

Third, it has substantive benefits for children and is an investment in our future. The most important predictor of children's educational achievement is their mother's educational achievements and test scores regardless of income. Providing substantive education opportunities to low income mothers now will have positive and long-term payoffs in the future.

Four, it is cost-effective and it has built-in accountability. Many people believe falsely that we expect TANF funds to pay for college tuition and fees. This is not the case. Recipients apply for and receive financial aid, including loans, like any other low-income student. What TANF pays for are the cash benefits to feed and house a family. With an average monthly benefit of $358 a month, this is a relatively small investment when compared with costs such as tax and wage benefit credits of $2000 to $5000 per head hired and short-term training programs that easily cost three to $8,000 a head. Clearly, the long-term benefits of increased tax revenues, productivity and consumer activity are important.

And five, it builds upon a highly developed infrastructure and is supported by many states and educational institutions. The fastest growing demographic student group since the eighties are women over 30. And in some colleges, women over 25 account for nearly half the student population. Over time, many colleges have developed supportive environments for such students including childcare, mentoring, counseling, family events and even housing. Local business organizations, community and faith based groups also contribute resources to these families.

Finally, in spite of strong signaling by the Federal Government that post secondary education should be limited, support for it still exists in a sizeable number of states. Thirty-three states went beyond the federal guidelines of allowing 12 months of vocational education, and another 12 states have implemented mid-course corrections since TANF to allow more recipients to have more access to post secondary education.

As someone who personally has seen the benefits of such access over the years, I hope that you will consider these ways of improving women's opportunities.

Again, thank you for the opportunity to address you today.

WRITTEN STATEMENT OF ERIKA KATES, Ph.D., SENIOR RESEARCH ASSOCIATE, HELLER GRADUATE SCHOOL, BRANDEIS UNIVERSITY AND EXECUTIVE DIRECTOR OF THE WELFARE, EDUCATION, TRAINING, ACCESS COALITION, BOSTON, MA - SEE APPENDIX F

Chairman McKeon. Thank you very much.

Dr. Gault?

STATEMENT OF BARBARA GAULT, Ph.D., DIRECTOR OF RESEARCH, INSTITUTE FOR WOMEN'S POLICY RESEARCH, WASHINGTON, D.C.

Chairman McKeon, Congresswoman Mink, and Members of the Subcommittee. Thank you very much for the opportunity to contribute to this discussion of the nation's welfare and workforce development programs. I work with the Institute for Women's Policy Research, which is a non-profit, independent, scientific organization that has studied economic and social issues affecting women for the last 15 years.

My testimony addresses how we can reduce poverty by investing in the human capital development of low-income parents through the TANF and WIA programs. Following welfare reform, employment rates among single mothers have increased, but state "leaver" studies and large national surveys show us that the jobs they get are very poor quality. Their hourly earnings range between $6.50 and $8.00 per hour, and generally these jobs offer no sick leave, no vacation time, health insurance, or the standard benefits that research shows make it possible to stay in jobs.

Contrary to popular assumptions, these mainly service industry and sales jobs offer no growth opportunities, for the most part, or career ladders. Many welfare recipients become unemployed again very quickly. An Urban Institute study found that 41 percent of those who left welfare between 1997 and 1999 had incomes below the poverty line. So as the states continue to implement the Workforce Investment Act, and as we prepare to reauthorize TANF, our challenge is to go beyond the simple work first strategy to a quality workforce development program for low-income parents.

To help welfare recipients get good, stable jobs, we need to help them improve their skills and credentials in meaningful ways. Serious investments in job training and education will also meet the needs of employers, who are looking for skilled staff. The link between education and earnings is well demonstrated. The national survey of America's families found that women with high school diplomas were twice as likely to leave welfare as those without diplomas. For welfare recipients, getting some college or a two or four year degree has huge positive impacts on earnings. Similarly, vocational training for high demand jobs in higher paying occupations such as metal working or machining has enormous earnings gains for welfare clients.

A recent evaluation of such sector initiatives that emphasize labor market analysis and strong relationships with employers found that training programs such as Quest in San Antonio or Focus Hope in Detroit can lead to hourly wage increases of three to four dollars an hour. These are 40 to 60 percent increases in earnings. It's time to take some of these shining local examples and replicate them on a larger scale.

The quality measurement standards associated with WIA are right on target to promote the development of such programs focusing on starting wages, wage growth, and client satisfaction for both employers and service recipients. However, some analysts argue that it's too difficult for clients to move through the steps associated with WIA from core to intensive and finally to training services. Also, the current welfare rules inhibit states' abilities to provide the full range of training options that have been proven to work.

Vocational education can only count as work for 12 months and for only 30 percent of the TANF population. These rules, coupled with strict participation requirements, have kept states focused excessively on placement into jobs, any jobs, with too little emphasis on building long-term self-sufficiency. Lifting these limits would give states the breathing room to build on local innovation and to invest in longer term education strategies that pay off in the long run.

The rules also limit the ability of the Workforce Investment Act programs to fully serve low-income parents. Without more freedom, case managers are too tempted to take the safe road and stick with the job placement strategy. A recent study of federal data by the Center for Law and Social Policy found that states were spending only one percent of their state and federal dollars on job training activities. And in 1998, a GAO report found that after welfare reform, provision of job training services declined dramatically while job search assistance increased significantly.

The Bush plan would limit education and training opportunities even further, making it impossible to receive full time training for more than three months at a time for a possible maximum of seven months over five years but not on a continuous basis. So that's seven months you couldn't get all at the same time. This would create a training schedule that would be extremely burdensome for one-stop centers to follow.

Lastly, funding for workforce development should not be cut as the White House proposed in its recent budget plan. Significant investments in human capital of low-income mothers are good for both economic development and for poverty reduction. We must increase access to education and training to increase long-term self-sufficiency among mothers. These are the builders, the leaders and the caretakers of our nation's future prosperity.

Research shows that the American people believe that those who work deserve to earn a living wage enough to support themselves and their families. To make this happen, we need for both TANF and WIA to focus less on immediate job placement into any jobs and more on an integrated workforce development strategy. Thank you.

WRITTEN STATEMENT OF BARBARA GAULT, Ph.D., DIRECTOR OF RESEARCH, INSTITUTE FOR WOMEN'S POLICY RESEARCH, WASHINGTON, D.C. - SEE APPENDIX G

Chairman McKeon. Dr. Nilsen, you mentioned certain challenges that cannot be worked out at the local level. What are they again?

Dr. Nilsen. Some of the ones that are most difficult for local areas to deal with are some of the performance measures that are different between the programs. Definitional issues that are program definitions that are set in legislation that don't have TANF and WIA similar to some of the findings we have found with some of the difficulties across the rest of the 17 required partners in the one-stops. States are looking for some sort of guidance and help to be able to streamline those kinds of definitions. I think they are hopeful that some of the waiver authority in the Bush proposal under TANF may provide them some assistance. But these are still troublesome for them to deal with because they can't change these things themselves.

Other aspects of their programs, they can deal with. Self-sufficiency levels are flexible. They are allowed the flexibility under both TANF and WIA to establish those themselves.

Chairman McKeon. Ms. Mink and I, with the post-secondary education community, are working on Fed Up. That's a program to help streamline and simplify regulation. Probably we should be doing the same type of thing with these programs.

With that program, we have gone to the schools and have asked the people that are dealing with these regulations about the problems they have, and what we can do to help make the job easier? We set up a website, and they answered, and we have had over 3,000 responses. And if we can help make their job easier, then they help the students. So we should probably look at doing the same type of thing. Of course, right now we are in reauthorization. We may be able to fix some of that as we go through some of this reauthorization.

Boy, there is so much learn. Dr. Gault, you said that the Administration shouldn't cut back the money for Workforce Investment Act. I agree with you on that. We are working hopefully on avoiding that. We passed the law in 1998 and it took a few years to go into effect. And by the time you can really use the program and get the one-stops set up, then they say well, you've got money left over, money you haven't spent. And we say well, they haven't had a chance to get the programs fully operational yet. So what are some of the reasons they have funds that haven't been spent?

Mr. O'Reilly. I'd love to comment on that because, again, as I said, we spent three three-day sessions in the summer with a national panel from the different agencies, and that clearly is a big problem. We knew then as we began to look at re-implementation that it had not been fully implemented.

I have the data here on which states spent and which didn't. Michigan was second only to Vermont in spending their WIA money, but it is because they had a system already in place on the ground that operated. States that were trying to get up to speed had a great deal of trouble, because

it wasn't like moving from CITA to JTPA. These were some profound changes and there were some miscues in there.

I mean Work First was sort of used at one point to talk about the stratification of moving from core to intensive training. And so that sort of took hold, and now everybody kind of backs away and says we really didn't mean that. But that clearly was a message that was felt at the local level. Plus, some of the data that you have and the expenditure levels you have are not reflective of everything that's happened.

One of the things that we talk about here is training. When someone enters training, if they are entering a two-year training period, we really have to encumber the funds for that training at the point they enter, because we don't know what's going to happen. But they are not expensed. We are a performance-based system, so we don't show expenditures until the provider has performed the service, and has billed us for the service. Then we are able to account for the service being provided, and now we expense the funds. We don't even draw them down. We have to spend within a certain period, so we don't even hold that money.

When you look at expenditure levels, they really are a false reading of what's going on in the field, because they don't have the accruals all in there because we don't know when those bills are going to come in. And so you have a reading that doesn't always ring true. But that's coupled with the fact that there's been a lot of resistance. And it was issues Congresswoman Mink brought up such as Voc Rehab, for example, which stated we can't participate in certain ways in the center because our enabling legislation, or our authorizations say that we can only spend where there is direct benefit to an eligible client base. And that seems to be a problem.

But it's really not a problem in a fully integrated one-stop, because the front door, the access point, the resource room is an employment service activity allowable under Wagner-Peyser that is something that's funded for all persons, including the disabled and everyone else. So that gives you a portal of entry, and you don't have the discussion of cost allocation until you move back to where the benefit to the direct clients is discernable for everybody. To my GAO colleague here, we're always interested when they come in and review what we're doing. But we all have to show that there's a direct benefit to our eligible clients before we can expense money.

So that's not different for anyone. It's just the interpretation. If you look at that scope of struggle to get memorandums of understanding that was a tremendous undertaking to get everybody to sit down at the table and agree. But once they did and started working, in Michigan for example, we're long past all that. It was an easy process for us, because we've been at it longer, but it works.

Chairman McKeon. So you're on a cash accrual basis even though you know that the money is being spent. If you've got it you bank it?

Mr. O'Reilly. But we have to encumber it. If you enter a two-year program that costs $2,700, your first semester is $650. I've got to guarantee that we're going to have the $2,700 to pay your tuition. That's an issue that gets missed sometimes. And again, that's a training issue. But to a lot of it there's resistance, and the resistance has to be overcome by people with a clear direction for one

thing.

Chairman McKeon. Or by communication thereto.

Ms. Mink?

Mrs. Mink. Mr. O'Reilly, what do you do with a TANF recipient if you say you have a two-year educational training program? What do you do with a TANF recipient who has only a one-year window of vocational training allowed under a TANF law?

Mr. O'Reilly. We would generally dual enroll them into WIA. They would expire their benefits, and we would continue the training. I have one now.

Mrs. Mink. What about the obligation for work activity under TANF?

Mr. O'Reilly. They would still have to do the work activity. For example, right now we just had a story run on our local television over the weekend about one of our clients. And we got her training to get her G.E.D. And then after the G.E.D. we got her training to become a certified nurse's assistant. She's now working as a certified nurse's assistant and attending community college for an R.N. program. That works perfectly. She meets her work requirement in the field she's studying, which helps her with the studies, and additionally she's meeting the training requirement. When she expires the TANF benefits, she will be a WIA candidate. She's dually enrolled so that she will transition.

Again, some of it is working things out at the local level, trying to finesse and say okay, here's the intent. How do we do this using a reasonable standard? But we do it. Our problem, and I talked about it earlier, is access to training. I'd love to put more people in R.N. training, but the capacity of the training system is way below market demand. And that exists in so many areas where we have lots of skilled jobs for people, but the skills training capacity, the pipeline for feeding that, is inadequate for the demand.

Mrs. Mink. I noticed in your testimony you talked about a Super Waiver in Michigan. You received a Super Waiver?

Mr. O'Reilly. That was my colleague, Mr. Gardner because that's a state issue.

Mrs. Mink. Oh, well, why couldn't you get a Super Waiver in the TANF legislation so that we could allow the Federal Government to determine where these obstacles are? This would allow the state to come forward with a plan to integrate all of these programs in such a way as to be of greater benefit to TANF. We could probably do it in our TANF reauthorization. Is that a logical approach to some of these problems?

Mr. Gardner. I think it would be very logical. I'm very intrigued by the Super Waiver concept.

Mrs. Mink. What did the State of Utah get under the Super Waiver?

Mr. Gardner. This is just a concept that's being discussed in the Bush administration proposal. I think it's a concept that's very intriguing to us. I'd like to get the best and the brightest folks together in the State of Utah and give them the assignment to envision a one-stop center without barriers, and to really take a look at how we could provide integrated services to customers and come up with a demonstration plan that we could submit to the Federal Government. I'd like to do a demonstration project in one or two of our one-stop centers. In the mid-1990s we experimented with welfare reform and with one-stop centers. I think this is an opportunity to experiment with the next evolution, a truly integrated one-stop center. So I am very intrigued by the concept.

Mrs. Mink. Dr. Gault, you mentioned that the current TANF law restricts the opportunities for welfare recipients to go to community college to improve themselves. Could you be specific as to what that restriction is and what the Congress has to do to alleviate it?

Dr. Gault. Currently, welfare recipients can only count vocational education, and job training associated with work, for the first 20 hours of their work requirement. So what's necessary is for a state to explicitly designate post-secondary education as job training associated with work. There are steps, sort of hurdles that the states have to go through.

Mrs. Mink. How many states have done so?

Dr. Gault. Erika, you might be more familiar with that than I. I don't know the exact number. I believe it's on the order of 20 to 30.

Dr. Kates. Thirty-three states went beyond the original 12 months that would have to be combined with other work activities. And since the TANF was passed, another 12 have decided to implement ways of encouraging access.

Mrs. Mink. So that they could go on, say, to college and at the same time receive their cash benefits and not have to comply with the work activity?

Dr. Kates. It counts as a work activity. I think that's part of it.

Mrs. Mink. The education counts as a work activity?

Dr. Kates. Yes. The clock starts.

Mrs. Mink. But they are still then bound by the five years?

Dr. Kates. Yes.

Mrs. Mink. So if their four-year college program takes four years, then they have only one more year left. Is that the proper interpretation?

Dr. Kates. That is correct. An average, traditionally aged student needs about five years these days.

Mrs. Mink. So while they are going to college and they are in this work activity, how many work hours do they have to perform under current law?

Dr. Kates. That varies enormously. And it's really hard to tell just by reading the regulations.

For example, Massachusetts allows absolutely no education and training at all, G.E.D., E.S.O.L., to count in the work requirement. But if you've put in your 20 hours of work, which is what we require, and you want to go to college, you can still ask for childcare for the additional hours. The point is now you're doing 40 hours of work and then you've got homework. It's like an 80-hour workweek.

Dr. Gault. Right now with the work requirements as they are in a state that would allow post-secondary to count as work towards the first 20 hours, that person would also have to work an additional 15 hours. And given that many of these women are low-income single mothers that are also juggling childcare and family needs, it becomes too difficult for many of them to balance.

And I think another point worth noting is that looking at how many states have actually opted to provide this makes it clear that the states want post-secondary to be allowable as a work activity. There seems to be no reason to limit it in the federal statute.

Mrs. Mink. Mr. Chairman, would you allow Mr. O'Reilly to comment?

Mr. O'Reilly. In the Michigan program we really encourage this. So if you're taking 10 hours of school, you get 10 hours of study time counted toward your work requirement in a 10-hour workweek if that's what you do. If you take 30 hours of school, you have no work requirement. So it substitutes.

We are raising the bar in Michigan to 40 hours. I know that's discussed at the federal level. Michigan has increased to 40 hours. But for people in education and training, that was not changed. So the standard means that it will be an encouragement. We're trying to induce people to get training. We even have a mentoring program. You have a packet in there.

The American Society of Employers runs a mentoring program with professional persons who mentor people who are already work compliant to try and convince them to enter skills training. So we have a system that really encourages entering training, and we reward them by decreasing the work hours or eliminating work hours to offset the training at a pretty generous level. So it's a state-by-state decision.

Chairman McKeon. Mr. Osborne.

Mr. Osborne. Thank you, Mr. Chairman.

Dr. Kates, I believe I heard you say that these persons should be guaranteed at least two years of post-secondary education at public expense. I believe that was the case. Maybe I heard it incorrectly. But I wondered how this was to be funded?

Dr. Kates. Mass Inc. is a non-partisan policy center in Boston that is concerned with next to the 20 percent or quintile of income. It's concerned with lower middle class incomes and the struggle those families have. And it did an analysis of skills in Massachusetts and came up with the fact that if you used advanced skill standards, and I've gone into that in my written testimony, then we have 1.2 million people who do not meet that.

One of their recommendations was that state aid combined with federal aid and other kinds of programs would help all these people, not just TANF recipients but also all people who need this skills upgrading for the 21st Century to achieve that. I think they were making the point that if you really wanted all these people to get that skill, that's the kind of commitment that would need to be made public and private, I assume.

Mr. Osborne. Okay, I think I understand that.

This is also a question for Dr. Kates. You state that some analysts predicted that welfare reform's 20 percent limit on families that could be exempted from work requirements would be insufficient. You say that recent studies have confirmed this prediction. However, we also note that the Department of Health and Human Services assures us that no state has had difficulty working within this 20 percent cap. I wondered if you could comment on this discrepancy?

Dr. Kates. I am not sure I heard you correctly. The cap now is a 20 percent limit on those who can be exempted. And even before TANF was fully implemented, there were some scholars and analysts in the field who said it should be more like 40 percent.

Now that people have had the opportunity to look at the caseloads in various states, they are coming up with about 58 percent of TANF recipients having between one and three barriers, and more like 70 or 80 percent if you include up to six barriers. Many people have more than one of these barriers that we keep talking about. I think what's interesting is that low skill levels are now being defined as a barrier that needs to be addressed.

Dr. Nilsen. Mr. Osborne, if I might interrupt for a second?

Mr. Osborne. Yes.

Dr. Nilsen. One of my colleagues at GAO testified last week on state programs under TANF and talked about the 20 percent cap and how states dealt with that and how they used separate state programs to help people. I would be happy to give you a copy of their testimony which provides some insight into the flexibility that has been used under TANF.

Mr. Osborne. All right, thank you. Here's one final question. This is for Mr. O'Reilly. I notice you say something about your service. Start with that activity to build self-esteem. That's not always easy. I just wondered how you went about this. Can you expand on that?

Mr. O'Reilly. When we started in 1994, we started doing focus groups with our staff. We used some exercises to build self-esteem, we help them win little victories, and we help them achieve certain things that they weren't sure they could achieve. Jim Ball has some products that we

actually work with them on.

But right from the beginning we began to talk to them about this because I think it's very difficult for people who haven't been in that situation to understand the scope of the women that we've seen. A woman with three children living in a place that's not heated, that has no electricity, and surviving with ice chests because that's all she knew. That was what she lived with and she accepted that. And we go from there. These people really need to begin to feel good about themselves, so we do a lot of counseling.

Congressman Ehlers was a state senator and he passed a credentialing requirement for school counselors in Michigan many years ago that was a high standard, master's degree in guidance and counseling and 2,000 clinical hours. We adopted that in our centers as a standard for counselors. So we really use a professional level. We take that very seriously. We know that these people cannot succeed in interviews, and we've provided bus trips to take women to show them how to go in an elevator 10 floors up where they have to apply for a job. They've never been in an elevator. These are adult women. I don't think everybody understands the scope of some of the hardships that some of these people have lived with and just accept.

That's a big mission. You've got to remember the people at the local level are in this human service because this is something that draws them in. They believe in it. And so you've got to let local people deal with some of the creativity in this. But believe me, you can't imagine sending them to work and having them succeed until they've had opportunities to deal with life skills, all the kinds of things that we concentrate on. We have a lot of unique programs for that because they have to be ready to go to work.

It's worked in Michigan. We are very comfortable that the system is working. If we know that we're getting to a harder and harder pool, we'll bring in more resources. We have a core program that we started with mental health, substance abuse services, the FIA and our services, and together we do family triage. And the trigger for that is when Child Protective Services is going to remove children from a household. At that point we go in and assign one counselor to that household to try and put it back together. The results have been dramatic.

We have a three-year pilot we've been doing. We're seeing all kinds of creative things you can do at a local level to intervene. It's not letting the obstacles stand in the way. So I say, you really have to believe in the local boards. Local boards are people who really are committed and believe in what they're doing, and they can get honest dialogue.

It's an honest broker system. The honest broker doesn't have anything to gain. When the private sector, Family Independence Agency, the voc rehab people, the employment service, the veterans' people, are all at the table all the dialogue is honest. The honest broker has nothing to gain. There are private sector people who volunteer their time. They drive a good system if they are empowered to do it.

Mr. Osborne. Thank you, Mr. Chairman.

Chairman McKeon. Thank you.

Ms. Rivers?

Ms. Rivers. Thank you. I have two questions. One has to do with the conversation that went on about education, which I think I didn't quite understand. I recognized that Mr. O'Reilly was talking about how education in Michigan is currently counted. But my understanding from the hearing we had last week is that under the new guidelines from the White House, 24 hours of work will be required in addition to 16 hours of school.

Well, having taken a full school load with children, I don't see how that is possible.

Mr. O'Reilly. I'm not supporting that. I'm supporting the system that exists in Michigan now. We did move to a 40-hour work requirement, but we did not change the education restrictions, so that education is now more generous. It's actually an aggregate of 30 hours.

Ms. Rivers. Will you be allowed to do that if the TANF plan that the White House is proposing actually passes?

Mr. O'Reilly. I'm not sure how creative I can get. I expect probably not, but I'm always willing to take the challenge.

Ms. Rivers. But I think it's important that as we talk about the new plan, we are not confused by what's been allowed previously.

Mr. O'Reilly. You are exactly right, Congresswoman Rivers. It is really important to note that when I'm talking about Michigan, I'm talking about what we're working with now, not what's coming. And I think that's one of those issues that we need to be focused on.

Ms. Rivers. Given that you have had experience with women going back to school for 10 hours with 10 hours of study time and 10 hours of work, what do you think is going to happen when we tell people 24 hours of work, 16 hours of school and find the study time where you can?

Mr. O'Reilly. Well, I didn't get to answer Congressman Osborne's question. But the truth is the reason that the 20 percent limit is not a problem right now is we are struggling to get people to go into post-employment training. Once they've met and are in compliance with their hours, the idea that they have to voluntarily take that next huge step in lifestyle change to accommodate training is something that is very difficult to sell. So that is one of the reasons I believe that states, and I know in Michigan we have been, are very aggressive in trying to sell post-employment training. But because it's voluntary, they say I'll get back to it later or there's enough on my plate right now. There are a lot of struggles.

Our local Head Start policy committee for Wayne County has a struggle because Michigan is still using half a day Head Start. What a dilemma that is. We're trying to convince them it doesn't work. We've got to go to full day Head Start. And these are obstacles that can be

addressed and should be addressed.

Ms. Rivers. That takes me to my second question that I address to Dr. Nilsen and also to anyone else who would like to answer it, specifically Dr. Gault as well. There is a perception that the people who are currently left on TANF are the hardest of the hard to place, to train, and to move forward. They have unique circumstances that make them more difficult.

Now the President has said that 70 percent of these people within five years will be in the workplace. And my question is are there in fact additional services that are going to be needed for this last group? How much more are they going to cost? What kinds of services are going to have to be available? And is anybody putting them into the plans?

Dr. Nilsen. I can't say what's being done, but you're right, there is the perception that some of the people left on the rolls are the hardest. I think that the composition of that caseload is not as dire as we had originally thought it would be after nearly five years under welfare reform.

We did a study last year that found that many of the attributes that we could measure did not seem to change dramatically from about four or five years ago when we had our first observation and looked at it. However, there are certain aspects of the caseload that we couldn't measure such as mental health issues, and abuse issues. These are things that don't show up on an entry form.

Ms. Rivers. But couldn't they easily be tracked?

Dr. Nilsen. Many of them are people who don't want to admit to them. It takes some screening, and the systems aren't in place. But I think if certain aspects of the caseload has some of these very serious issues, there is the potential for the treatment, in a sense, on a per capita basis being much more expensive.

Ms. Rivers. Dr. Gault, do you want to add to that?

Dr. Gault. Yes. The national survey that the Urban Institute did does show a fairly large difference in some of the characteristics of the current caseload compared to those who left as of 1997. Specifically, 41 percent of those still receiving TANF don't have a high school diploma, whereas 29 percent of those who left didn't have a high school diploma. So those who left were a higher-skilled group.

So the group that remains will need more intensive training and education services. In addition, childcare is still not at the levels where we need it to be. Thank God the Bush proposal doesn't cut childcare, but we still see huge waiting lists and the demand is far greater than the supply around the country at this point. So that's an area for increased investment. And some of the issues already mentioned, clearly substance abuse, domestic violence, etc., are areas where we need to invest more. Some advocates had hoped that the block grant would not just stay at its current level but be indexed for inflation as well. That would at least really keep us at steady levels of spending.

Ms. Rivers. Do you think that allowing the states to siphon off some of that block grant money has been detrimental to providing some of the services that these women need to move into the workforce?

Dr. Gault. In some cases it has. Studies by the Center for Law and Social Policy indicate that in certain cases the money had been transferred to uses that were not intended for the grant, such as transportation, those sorts of things.

Ms. Rivers. Thank you. Thank you, Mr. Chair.

Chairman McKeon. Thank you.

Mr. Isakson?

Mr. Isakson. I've read about halfway through your comments. I want to commend what you're doing.

In reference to the next to the last observation by Ms. Rivers regarding those that remain unemployed and on welfare who are the most difficult to employ, I noticed in your consortium, in your one-stop approach that you go all the way to actually providing training in life skills like nutrition and medicine and things like that. I commend you on that because those are hurdles just like the elevator example.

But I have a question. It appears you have consolidated resources to be able to deal with a myriad number of problems that affect those that are on welfare and those that are unemployed. And to get to the point that Dr. Kates made with regard to post-secondary education, you even have community colleges and technical schools in your one-stop center. Are the community colleges and the access to that training totally state funded and state supported?

Mr. O'Reilly. It's their resources that bring them in, and then they matriculate. If they bring in our student and they're eligible, we pay for it. But in our centers, they'll also matriculate students who are self-pay. I mean the beauty of that is that these entities are in there. They are not just serving one client population; they are serving any client population and the same with employers. We serve all employers' needs without regard to funding stream.

Mr. Isakson. Well, I commend you on what you're doing.

Dr. Kates, I have to ask you a question because you have a beautiful accent. I could listen to you talk all day long. And really this question is for both you and Dr. Gault. In your testimony, you referred to the importance of education, which I very much subscribe to. You also make the observation that prior to 1996 there was more training money available and accessible than appears to be available today. I think, Dr. Gault, you made a similar reference in terms of workforce development and education training money. But it is true that the rolls dropped from 5.2 million?

In an earlier part of your testimony, Dr. Kates, you referred to sanctions being one of the contributors to the drop in the welfare rolls, which I presume was the consequences of not getting

with the program. If we continue on this track with the President's current 70 percent goal, which certainly is a challenge, and enhance it with job training and education, do you think that goals is reachable?

Dr. Kates. I have a hard time getting myself around that whole notion. When women go to college, they need that time. Let me give you the typical day of a woman who is going to college and going to work. This is in an urban setting and there is public transportation. We haven't even talked about rural areas. And this is from women that I know very well.

They get up at 5:30, and get their kids ready. Say they have two children, one needs to go to daycare and one goes to school. The destinations lie in different directions. Mothers are very loath to leave children unaccompanied at any bus stop. They want to be there for obvious security and safety reasons. They get on one bus and take a kid to daycare. They take another child down to the bus stop. By this time, they're already late for a job. Say the bus doesn't show up or the bus is late. Their job is in jeopardy. But say it's a good day and the bus is there. They go to work. They work 15 or 20 hours a week. Now they try and get to the local community college, but they also have to pick their children up. Then they have to go home and help their kids with their homework and do their own homework. We haven't even talked about laundry, and real life stuff.

Not only does it easily add up to many, many hours, but also logistically it's very, very difficult. I know women who do it. But if one thing goes wrong, they lose their jobs. They don't have jobs where they have any free time, no personal days, or sick days.

Mr. Isakson. If I can ask indulgence from the Chair just to ask one follow-up question. My red light is on.

I completely appreciate what you said and your description, although you didn't preface it this way, I believe it was probably a single parent situation; is that correct?

Dr. Kates. Well, I purposefully refer in my testimony to women and mothers, because 95 percent of the TANF caseload is single parent mothers.

Mr. Isakson. That's why I said what I said. So my question is this, in your testimony you made reference to five reasons why employment improved and the welfare rolls dropped, and the last two of those were marriage and employment. What is your thought on the President's initiative with regard to counseling on marriage to address that very question as far as women who are going from welfare to work?

Dr. Kates. Well, I think my reaction is pretty much the same as about 80 percent of the population of America's reaction is according to a recent poll. It makes much more sense for women to be economically able to support families than to rely on a spouse. I refer to three decades of women entering school. They've been doing so since the 1960s, 1970s, 1980s saw a big burgeoning. Many of those women started to go back to school at an older age because they were divorced, because they were widowed, because they were deserted, or they saw their friends were in those situations. The big call was never rely on a man's income, make sure you have your own.

I think everyone wants a very nice relationship. Everyone would like to have a life partner. But that really doesn't have much to do with the need for economic self-sufficiency, a word I don't like to use. Women need to have the ability to support their families even if, as is often the case, they're single for a period of two or three years and then they remarry.

Mr. Isakson. Thank you, Mr. Chairman.

Chairman McKeon. Thank you. I think the Scriptures tell us we will always have the poor among us. And I think we will probably never get down to zero. That probably should be the goal, not because we want to get people off the welfare rolls, but the benefit that people derive when they get off of the welfare rolls.

I was visiting a program that our county put on to get welfare mothers off of welfare. Talk about self-esteem, the first week that's all they worked on. The first assignment was be there every morning at 9 o'clock. You would think that shouldn't be difficult. If you're supposed to be somewhere, you show up. We just heard some reasons why it is difficult to do that. But that was an achievement. During that week, they worked with those women to help them gather some kind of self-esteem. Then they took them through programs that gave them some training on how to find a job, and they actually had them sit down and make calls to line up appointments. I don't know if they took people on elevator rides, but that is something that you just take for granted. But it shows you can't take anything for granted.

Then the day that I was there they also had a lady that had been through the program, and she was back to speak to these other women to give them feelings of hope. She was an African-American woman that had been on welfare her whole life. She was able to buy her children shoes, things that she hadn't been able to do before. She said she would never be on welfare again. Her message was so inspiring to me, and I'm sure it was to all of those women there.

The ultimate goal is to get people to where they can stand on their own two feet and feel good about themselves, not to get people off of welfare. I think we get caught up so much in the debate, that it sounds as if we want to get people off welfare and we're mean-spirited and hard-hearted. Somehow we have to get past that and focus on the benefits that derive to somebody when they are able to take care of themselves, and become self-reliant, and the feelings that they feel about themselves which, they're able to pass on to their children. And after listening to that lady, I felt that if we could get everybody off welfare it would be wonderful, not because we'd just stick them somewhere so they can earn minimum wage.

Mr. O'Reilly, you talked about the nursing program. Aren't there schools you can encourage to get into that?

Mr. O'Reilly. You have to look at this, because it's a problem. One of the directors of the local hospital in our area is on our board, and they're paying $10,000 bonuses just to get a nurse to sign up.

Chairman McKeon. We have a national shortage.

Mr. O'Reilly. They've extensively recruited in Canada for the last three years. For the last year, they've been recruiting in the Philippines, and they're going to South America next. And they are recruiting people to come in and work as nurses because there is a shortage. Now, the other question is what's happening to the capacity of the training system?

Creating a nursing program is a large capital investment for any program. When you start to expand, you've got a lost of costs, not just the cost of the instructors. There are capital costs related because it has a lot of intensive science needs. Schools tell us that they've done this before when people say we need it. Then they offer it, and they can't fill the classes and it becomes a losing proposition. And they have to justify to their board why they're doing that when they could add two more psychology sections and could fill them.

So it becomes a practical decision that we can't guarantee. I mean we've done some things locally to get programs started where a couple of the SDAs around the area will guarantee so many people interested in training to induce them to offer the training. But you have to leverage that, because we can't do that as a stand-alone.

But the point is they also have to know that they can fill that class, because they have to answer to their boards. So one of the dilemmas is that there are experiences just like computer training. It's difficult. There's a high capital cost there. And again, if you can't fill that class, and demand is not high, the demand in the marketplace is huge. We're one and a half million IT people short in the United States. But can you fill a class? It's marginal, because the interest isn't there. People are not seeking it out. So this is what we deal with, and the trainers say I can't offer a class without some assurance that that capital is going to be recouped. That becomes a real issue.

We have an honest dialogue with the trainers and we try and talk with them, but there needs to be some impetus. We really need to focus on those critical skills, and what we can do about them. I'm not saying everything is up to the Federal Government. I don't believe that. But what can we do to get over the hump to get that barrier out of the way? It's not that the schools don't want to do it, it's just we have a real disconnect between what we have available in training and what our market needs.

Dr. Kates. May I add a very brief comment, because we have the opposite situation in Massachusetts? Our welfare office allows absolutely no extensions for education and training. A woman who was about to graduate in May with a nursing diploma that would have started her off at least at $27,000 a year was not granted an extension. She had to drop out and go into a minimum wage job with several weeks to go to finish her semester.

Chairman McKeon. She ought to move to California. There's lots of demand there.

Ms. Mink?

Mrs. Mink. I could recite the same problem in my state. We had a young woman who was in her last semester for her degree in teaching, and she lost her cash assistance because her five years had come up. The state would not grant her an extension, so she had to go to work full-time and try to finish up her teaching certificate. I don't know how many years it will be before she will get it. So I

think that we have these examples everywhere.

But I wanted to ask you, Mr. O'Reilly and Mr. Gardner since you both represent states, to elaborate on this 20 percent exemption. It confuses me a great deal. I've been told that no state has exceeded the 20 percent exemption. I would like to know what it is in Michigan and what it is in Utah?

Mr. Gardner. Well, I'm not aware of the exact numbers, but we have not exceeded the 20 percent exemption at this point in time. In fact, I don't think we've gone past 50 percent of that 20 percent exemption.

Mrs. Mink. So in the course of five years, have you dropped people because they have reached the five-year limit without looking at whether they qualified for an exemption? And what are the criteria for exemption? Have you elaborated on certain standards in Utah? Are there specific criteria that are used by the state in order to determine whether an individual should or should not get an exemption?

And then I ask the same questions of Mr. O'Reilly.

Mr. Gardner. The criteria we have for extending a person's participation includes those who are medically unable to work, victims of domestic violence, parents caring for the medical needs of a dependent, those unable to complete education or training programs due to the state's inability to deliver needed services.

Mrs. Mink. You don't have the 20 percent in your rolls that meet those four criteria?

Mr. Gardner. That's correct.

Mrs. Mink. That's what you're saying.

Now in terms of those I'd like to have the answer to the last question, which is how many, were dropped from the rolls because they reached the five-year limit?

Mr. Gardner. I don't have those numbers in front of me.

Mrs. Mink. Will you supply it for the record later?

Mr. Gardner. Yes, I would. But I can give you an example. We have a 36-month limit in the State of Utah.

Mrs. Mink. Yours was a three-year limit?

Mr. Gardner. A three-year limit; the time limits became effective January 1st or December 31st, 1999. And as I remember the numbers, 443 families hit their time limits, and I believe 150 or so of those families were cut off from the program, and the rest were extended. Those are old numbers,

but I don't have the current numbers.

Mrs. Mink. If you could get the numbers, that would help us to have a visual picture of this.

Mr. Gardner. Yes.

Mrs. Mink. Mr. O'Reilly, what was it in Michigan?

Mr. O'Reilly. I have to tell you I don't know that anyone has been removed from the rolls in Michigan. Now, we're not the Family Independence Agency, but we work close to them, and I think that would have come down the pipeline. So as far as I know, we have not.

In terms of referrals, we have just started moving into the next generation of those who have been waived. We are moving toward the new standards. So, for example, parents who have disabled children who had been waived will be referred now for services. Some will be limited hour, and/or limited duration but referred for services.

Some of the other categories for waivers are going to be referred. I had asked for that data for my area, and it was supposed to be e-mailed, but I don't know if it came before I left. I don't represent the state, but I know that I've seen the table. As far as I know, and I think I would have heard, I don't think Michigan has had anyone actually dropped from the rolls for hitting the five-year period.

In terms of the waiver requirements, I know that we're going to start in April under a new policy to begin going back and referring people who have been on waivers up to now through the program in three different categories. One relates to disabled children, and another I don't know but I can get it for you.

Mrs. Mink. Thank you very much.

Chairman McKeon. I want to thank the witnesses for being here today. I think we have had a good hearing with some good input. We also have your written testimony. As we move forward on this reauthorization, you will hear of ideas and you will hear of bills. If there were something that you thought that you wanted to say that you didn't get to say here today, we would open the record to include that and would encourage you to work with us as we go through this process. All of you are experts in your fields and have much to offer, and we appreciate your cooperation and your participation in this process with us.

Now if there is no further business, the Committee stands adjourned.

Whereupon, at 3:38 p.m., the Subcommittee was adjourned.

APPENDIX A - WRITTEN OPENING STATEMENT OF CHAIRMAN BUCK MCKEON, SUBCOMMITTEE ON 21ST CENTURY COMPETITIVENESS, COMMITTEE ON EDUCATION AN THE WORKFORCE

STATEMENT OF THE HONORABLE HOWARD "BUCK" McKEON

CHAIRMAN

COMMITTEE ON EDUCATION AND THE WORKFORCE
SUBCOMMITTEE ON 21ST CENTURY COMPETITIVENESS

March 12, 2002 Hearing On:

"WELFARE TO WORK:
TIES BETWEEN TANF AND WORKFORCE DEVELOPMENT"

Good afternoon. Thank you for joining us for this important hearing today to hear testimony on the interaction between the Temporary Assistance for Needy Families, or TANF, block grant and the workforce investment system created through the Workforce Investment Act (WIA). This Committee will play a vital role in reauthorization of welfare reform over the next few months during consideration of the President's proposal to further welfare reform by increasing independence and strengthening families. Today, building on the previous hearings that we have held on welfare reform, we will examine the extent to which TANF work services are provided through the One Stop Career Centers established through WIA and how such linkages impact participants.

In 1998, under this Committee's leadership, Congress passed the Workforce Investment Act to integrate the nation's job training system that formerly was fragmented, contained overlapping programs, and did not serve either job seekers or employers well. WIA consolidated and integrated employment, education and training services at the local level in a more unified workforce development system.

The system operates through One-Stop Career Centers, at which numerous programs must make their services available. The one-stop centers are local offices that offer job preparation and placement services to job-seekers and opportunities for employers to find workers. Numerous programs are required to offer their services through the system, including vocational education, veterans' employment and training, welfare to work, employment services, vocational rehabilitation, and adult education, just to name a few. In addition, direct WIA services also are provided to dislocated workers, adults seeking better employment, and youth. WIA services for workers include core services such as accessible job listings and assistance with job search; intensive services such as one-on-one career counseling and skills assessments; and job training.

The overall purpose of these activities is to promote an increase in employment, job retention, earnings and occupational skills improvement by participants. This, in

turn, improves the quality of the workforce, reduces welfare dependency and improves the productivity and competitiveness of the nation.

WIA also created a stronger role for the private sector in the workforce system. Local workforce investment boards, which are required to have a majority of their members representing business, direct all WIA activities.

Now just beginning its second year of implementation, states and local areas have created comprehensive services and effective one-stop delivery systems with streamlined access to training programs. In addition, core, intensive and training services provided through WIA are invaluable in assisting adult workers in areas of the country facing skill shortages. Such assistance is essential for enhancing the 21st century workforce. The WIA system can and will adequately meet these training and employment needs, giving us the opportunity to compete in the global economy.

The WIA system, without a doubt, contains the federal government's primary programs for investment in our nation's workforce preparation.

The President's welfare reauthorization plan enhances the emphasis on moving welfare participants to work. The proposal also includes additional flexibility for states to enroll clients in other constructive activities, including education and training. Research suggests that a combination of work and training may have the best outcomes for families. It is because of this continued emphasis on work that Congress must support America's workforce investment efforts.

Currently, work programs funded through the TANF grant are optional partners in the one-stop centers. In many states, the TANF system and the workforce development and one-stop systems are overseen by different entities at the state and local levels. Yet, both operate work programs. The General Accounting Office is conducting a study to determine how TANF employment and training services are being provided and why states have created these structures.

Enhancing coordination and linkages between TANF and the WIA one-stop workforce development system could have positive impacts on clients. Coordination could encourage a continuum of services for low-income individuals that may become unemployed after leaving welfare. In addition, creating a connection to the WIA system would ensure TANF clients have access to labor market information and job listings maintained at the one-stops and could increase connections to the business community.

During this hearing, GAO will report on their findings to date. We expect to hear that nearly all states reported some coordination at the state or local level between the programs. We will also hear from two states that have been pioneers in creating linkages between the systems –Utah and Michigan. The witnesses will share how their systems provide services to TANF clients as job seekers. Finally, we will hear from two researchers that have examined linkages between the systems.

The committee welcomes your insights. I am sure the witnesses' testimonies will be invaluable as we prepare to begin welfare reform reauthorization.

With that, I would like to recognize Congresswoman Mink for any opening statement she may have.

APPENDIX B - WRITTEN OPENING STATEMENT OF RANKING MEMBER PATSY MINK, SUBCOMMITTEE ON 21ST CENTURY COMPETITIVENESS, COMMITTEE ON EDUCATION AND THE WORKFORCE

Statement by
Congresswoman Patsy T. Mink
before the
Subcommittee on 21st Century Competitiveness
Hearing on *Welfare to Work: Ties Between TANF and Workforce Development*
on
Tuesday, March 12, 2002

Thank you, Mr. Chairman.

I want to welcome our witnesses and I very much look forward to hearing your testimony. The issue of the extent to which TANF recipients are able to make the most of the Workforce Development system is a crucial issue, and certainly will be important as we reauthorize TANF.

Today, we are looking for answers to the question of how much the Workforce Investment Act and TANF are coordinated in the States. But other important questions should be asked as well, and I hope some of the witnesses can speak to these issues. For example, rather than "how coordinated are the two programs", let's ask how much WIA has helped TANF recipients. How much could WIA help, given the restrictions on TANF clients for training and educational services? What kinds of jobs are TANF recipients getting through the workforce development system?

These are the kinds of questions we need answers to as we head into TANF reauthorization. We know TANF recipients found work; we need to know what role WIA played in that. Are employers who use the WIA system finding TANF

clients with the skills that are needed? Does TANF need to be changed to better enable its recipients to take full advantage of the WIA system? These are the questions we should be asking as we go into TANF reauthorization.

The ability of TANF recipients to find living-wage jobs with advancement opportunities, whether the job market needs more skilled workers and whether TANF recipients can get training to develop these skills, are issues that I hope this hearing can address. We need to know if the WIA system is helping TANF recipients find jobs with advancement potential, if TANF recipients are getting information about growth industries or sectors, if they are able to get work supports such as child care as they take advantage of the workforce development system, and if the workforce system is giving TANF recipients access to education and training to become self sufficient. These are the things we need to answer in order to better help TANF recipients improve their family support.

By consolidating a community's employment services under one roof, providing a central location for job hunters to go to access numerous services, WIA provides TANF recipients with a concrete place to find their way into the workplace. The one-stop centers system can provide important guidance and assistance to those on welfare who need help through education, training and generally obtain information about supports such as food stamps, Medicaid, and other programs.

There are concerns, however, that the WIA system offers only limited benefits for TANF recipients. We know that today's workforce is increasingly a skilled workforce, and is rapidly in need of more skilled labor. Yet the TANF approach of "work-first" does not permit a TANF recipient to benefit from additional education or training, leaving them out of much of today's skilled economy, and likely limiting the WIA services most TANF recipients need to take advantage of. Yes, TANF recipients are finding work, but it is below-subsistence wages, it is work that has no future growth for the worker, and is work that cannot support a family. Studies show that TANF leavers earn between $6.00 and $8.50 per hour, and that most do not have earnings that exceed the poverty threshold. Few show any increase in wages, and little job advancement. It's evident that TANF has resulted in many finding work, but it's just as evident that this work will not lift them out of poverty.

The approach that has shown of most help to obtain living-wage jobs with a future incorporates adult education and training and post-secondary education. Research from the Department of Health and Human Services found that the model used in Portland, Oregon, mixing both job search and education and training was the most effective of 11 studied. The Portland model encouraged job-search participants to wait for a good job that matched their skills and needs, as opposed the first job that came along. This approach far outpaced the other

10 programs in both employment and earnings gains, and helped people stay employed longer and increase their earnings more. Moreover, the same research shows that the programs that incorporated post-secondary education and training were those that most increased hourly pay.

The approach that the Portland and other models used is known as the Human Capital Development approach, and emphasizes developing skills, gaining education, and finding the right job that fits the applicant. This is the philosophy of the WIA system as well, and helps participants assess their skills, determine if they need to upgrade their skills to get a new job or advance in a current one, and helps them get access to that training. TANF, however, has the opposite philosophy in the work-first approach. Can these two approaches be reconciled?

Alarmingly, reports have also shown that, in some places that have worked to coordinate the WIA and TANF systems, the work-first approach was chosen for both programs. This is a dangerous precedent, and if it becomes a trend, low-income working people everywhere will be worse off because of it. Work-first may be chosen because it is far less expensive in the short term to implement than the labor-intensive model that encourages education and training. But years of research unequivocally show that the work-first model relegates most people to low wage or lower-wage jobs than a model providing education and

training, and the latter approach leads to higher wages, more job stability, job advancement, and better benefits.

These results – higher wages, self sufficiency, job advancement – should be the goals of the WIA system. Why are these, then, not also the goals of TANF, the system designed to help the most struggling, the poorest of the poor? By not having these as the goals of TANF, research is telling us we are consigning them to remain in poverty.

WIA and TANF should be better coordinated. The outcome will be TANF recipients helped to enjoy greater economic security and safeguarding the future of their highly vulnerable children. We have to remember that what is at issue is not a job, any job, for the parent, but long-term security for these children at risk.

APPENDIX C - WRITTEN STATEMENT OF SIGURD R. NILSEN, Ph.D., DIRECTOR, EDUCATION, WORKFORCE, AND INCOME SECURITY ISSUES, UNITED STATES GENERAL ACCOUNTING OFFICE, WASHINGTON, D.C.

GAO

United States General Accounting Office

Subcommittee on 21st Century Competitiveness, Committee on Education and the Workforce, House of Representatives

For Release on Delivery
Expected at 2:00 p.m.,
March 12, 2002

WORKFORCE INVESTMENT ACT

Coordination between TANF Programs and One-Stop Centers Is Increasing, but Challenges Remain

Statement of Sigurd R. Nilsen, Director, Education, Workforce, and Income Security Issues

GAO-02-500T

Mr. Chairman and members of the Subcommittee:

Thank you for inviting me here today to discuss the coordination of services for the Temporary Assistance for Needy Families (TANF) program through one-stop centers established under the Workforce Investment Act of 1998 (WIA). Welfare reform legislation, which created TANF, directed welfare agencies to focus on helping needy adults find and maintain employment, a goal that has long been the province of the workforce development system. Congress passed WIA to unify a fragmented employment and training system—creating a new, comprehensive workforce investment system. Despite TANF's similar focus, TANF was not mandated to participate in the one-stop system; however, as we have previously testified,[1] many states and localities are coordinating their TANF programs with one-stop centers. With the emphasis on work intensifying in the current TANF reauthorization debate, the coordination of TANF and WIA programs may become increasingly important.

You asked us to assess the extent to which states were coordinating their TANF services with their one-stop centers. As you requested, my remarks today focus on (1) the status of state and local efforts to coordinate TANF-related programs—including TANF work programs, TANF cash assistance, and other support services—with one-stop centers and how this status has changed since 2000, when WIA was implemented, and (2) the challenges that states and localities have faced in coordinating their TANF work programs with their one-stop centers and the approaches that they have taken to address these challenges. My testimony is based on a survey that we conducted from September through December 2001 of workforce development agency officials in all 50 states and a similar survey that we conducted in the spring of 2000; visits to four states and nine localities from October 2001 to January 2002[2]; and phone interviews with state TANF and workforce officials in 12 states during January and February 2002.

In summary, coordination between TANF-related programs and one-stop centers has increased since the spring of 2000, when WIA was first implemented. Nearly all states reported some coordination between the

[1]U.S. General Accounting Office, *Workforce Investment Act: Implementation Status and the Integration of TANF Services*, GAO/T-HEHS-00-145 (Washington, D.C.: June 29, 2000).

[2]We conducted fieldwork in Arizona, Connecticut, Louisiana, and New Jersey.

programs at either the state or the local level. Most often, coordination took one of two forms: through colocation whereby a client accessed TANF-related programs at the local one-stop, or through referrals and electronic linkages to off-site programs.[3] How services were delivered also depended on state and local preferences and conditions. However, as we testified earlier, despite progress, states and localities continued to report a variety of challenges stemming from infrastructure limitations—such as inadequate facilities or antiquated computer systems that do not communicate with each other—and different program definitions and reporting requirements. These challenges complicated efforts to coordinate TANF work programs with one-stop centers. We found that some of the challenges—such as facilities limitations—could be overcome through state and local innovation, but others—such as multiple, sometimes conflicting, program requirements—will be resolved only though federal intervention. We saw some early evidence that states and localities were increasing their efforts to bring services together to fit local needs. As states and localities have begun to recognize the shared goals of the workforce and welfare systems, they have developed ways to coordinate services. However, these changes, like all culture changes, will take time.

Background

In recent years, Congress passed two pieces of legislation intended, in part, to foster greater coordination among education, welfare, and employment and training programs. The Workforce Investment Act (WIA) was passed in 1998 to consolidate services for many employment and training programs, requiring states and localities to use a centralized service delivery structure—the one-stop center system—to provide most federally funded employment and training assistance. States and localities had been developing one-stop centers prior to WIA, helped in part by One-Stop grants from the Department of Labor (Labor), but they were not required to do so until the passage of WIA. The Temporary Assistance for Needy Families (TANF) block grant, created two years earlier by the 1996 Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA), allowed states and localities greater flexibility than ever before in designing employment and training services for clients receiving

[3]Colocation refers to TANF clients' being served directly at the one-stop either by TANF staff or by other staff cross-trained to provide TANF-related services. *Electronic linkages* refers to the use of computers, telephones, or other electronic connections between the one-stop and a separate office where services are provided to TANF clients.

cash assistance.[4] While TANF is not one of 17 federal programs mandated to provide services through the one-stop system, states and localities have the option to include TANF as a partner. GAO's prior work on pre-WIA programs found that states varied in the degree to which employment and training services for TANF clients were being coordinated through the one-stop system.

For well over a decade, states and localities have engaged in efforts to integrate services for their employment and training programs. In fiscal year 1994, Labor helped them in their efforts when it began awarding One-Stop Planning and Implementation grants, requiring states to include most Labor-funded programs in the new one-stop centers in order to receive the grants.[5] The key objectives of Labor's one-stop initiative, aside from integration, were to create a system that was customer-driven and accountable for its outcomes and that made its core services available to all job seekers. By 1998, all 50 states had received at least some one-stop planning or implementation grant funds.

When WIA was enacted, it expanded the use of the one-stop system, requiring states and localities to use this once optional service delivery structure to provide many other employment and training services. In implementing WIA, Labor continued to promote the key objectives of the earlier one-stop initiative while emphasizing state and local flexibility and a strong role for the private sector on new, local boards that oversee the program. WIA also extended the one-stop concept beyond Labor programs, requiring states and localities to form partnerships with other agencies offering employment and training services. About 17 categories of programs, funded through four federal agencies—the Departments of Labor, Education, Health and Human Services, and Housing and Urban Development—must provide services through the one-stop center system under WIA. WIA does not require that all program services be provided on site (or colocated)—they may be provided through electronic linkages with partner agencies or by referral—but WIA does require that the

[4]TANF also gave states more flexibility in determining the nature of financial assistance, the types of client services, the structure of the program, and the ways in which services were provided.

[5]Integration is characterized by features such as common intake and "seamless" service delivery. The customer may receive a range of services from different programs without repeated registration procedures, waiting periods, or other administrative procedures. Integrated services are sometimes, but not always, physically collocated.

relationships and services be spelled out in a Memorandum of Understanding between the partners.

While several programs are required by WIA to provide services through the one-stop centers, others have been left to the discretion of state and local officials, including the TANF block grant program. State and local flexibility is also a key feature of the TANF program, which was passed by Congress two years before WIA. Under TANF, states have more flexibility than under its predecessor programs to determine the nature of financial assistance, the types of client services, the structure of the program, and how services are to be delivered. At the same time, TANF established new accountability measures for states—focused in part on meeting work requirements[6]—and a 5-year lifetime limit on federal TANF assistance. These measures heighten the importance of helping TANF recipients find work quickly and retain employment. As states have used the new flexibility under TANF and have focused more on employment, the importance of coordinating services for TANF clients has received increased attention. To help clients get and retain jobs, states need to address problems that may interfere with employment, such as child care and transportation issues and mental and physical health problems. Frequently, solving these problems requires those who work directly with clients to draw on other federal and state programs, often administered by other agencies, to provide a wide array of services. While local welfare agencies have typically administered TANF, Food Stamps, and Medicaid, other programs that provide key services to TANF clients are administered by housing authorities, education agencies, and state employment services offices. TANF's focus on employment means that welfare agencies may need to work more closely than before with state and local workforce development systems. In the past, under the Work Incentive program, welfare agencies and workforce development systems collaborated at some level, but our previous work on pre-WIA programs found wide

[6]Work requirements under PRWORA include countable work activities, such as unsubsidized employment; subsidized private or public sector employment; work experience; on-the-job training; job search and job readiness assistance; community service programs; vocational educational training and job skills training directly related to employment; education directly related to employment; satisfactory attendance at a secondary school or a course of study leading to a certificate of general equivalence; or the provision of child care services to an individual who is participating in a community service program. For more information on work activities that states and localities are using as part of their TANF programs, see U.S. General Accounting Office, *Welfare Reform. Work-Site-Based Activities Can Play an Important Role in TANF Programs*, GAO/HEHS-00-122 (Washington, D.C.: July 28, 2000).

variation in the degree to which the welfare and nonwelfare programs worked together to provide employment and training services.[1]

State and Local Coordination of TANF-Related Programs with One-Stop Centers Increased in 2001

State and local efforts to coordinate their TANF and WIA programs increased in 2001, at least one year after all states implemented WIA. Nearly all states reported some coordination at the state or local level, achieved with methods ranging from informal linkages (such as information sharing or periodic program referrals) to formal linkages (such as memoranda of understanding), shared intake, or integrated case management. Coordination of TANF related services with one-stop centers increased from 2000 to 2001, and the form of coordination—colocation of services, electronic linkages or client referral—was based, in part, on the type of services provided—TANF work, TANF cash assistance, or support services—as well as state and local preferences and conditions.

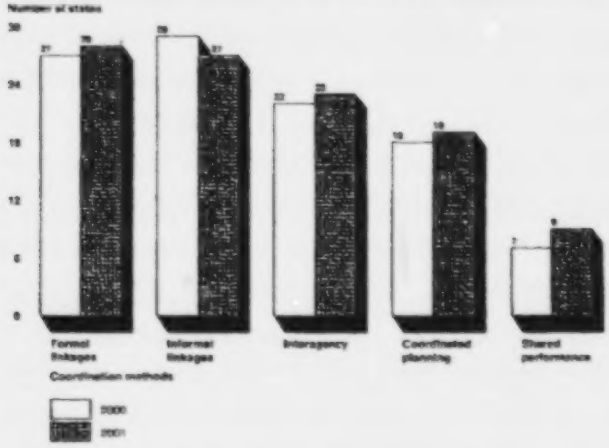
Coordination between the TANF and WIA Agencies Increased at Both the State and Local Levels

Modest increases in states' efforts to coordinate the management of TANF and WIA programs occurred between 2000 and 2001. Twenty-eight states reported that in 2001 they made extensive use of formal linkages, such as memoranda of understanding and state-level formal agreements, between the agencies administering TANF and WIA, compared with 27 states in 2000. Similarly, states increased their use of coordinated planning in 2001, with 19 states reporting that they used it to a great extent compared with 18 states in 2000 (see figure 1). When we looked at states individually, we saw that many were using additional coordination methods in 2001. Seventeen states indicated that the number of the state-level coordination methods they used to a great extent increased in 2001. In fact, in 2001, nine states used all five of the coordination methods that we analyzed—formal linkages, shared performance measurement and reporting, interagency and intra-agency workgroups, coordinated planning, and informal linkages

[1]U.S. General Accounting Office, *Workforce Investment Act: Implementation Status and the Integration of TANF Services*, GAO/T-HEHS-00-145 (Washington, D.C.: June 29, 2000); *Welfare Reform: States' Experiences in Providing Employment Assistance to TANF Clients*, GAO/HEHS-99-22 (Washington, D.C.: February 26, 1999).

and interagency communication (such as sharing program information)—up from 7 states in 2000.[6]

Figure 1: Methods of State Coordination Occurring to a Great Extent, 2000 and 2001



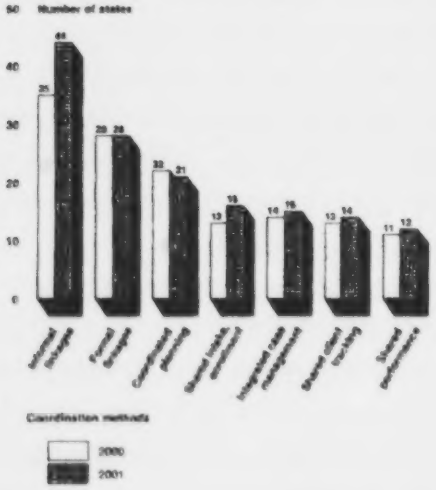
Increased coordination between TANF and WIA programs was also seen in the use of TANF funds to support one-stop center infrastructure or operations or both. The number of states using TANF funds to support one-stop centers increased to 36 in 2001 from 33 in 2000. In addition, the number of states ranking TANF as one of the three largest funding sources for their one-stop centers rose to 15 from 12.

[6]Our survey asked states to report the extent to which different types of coordination were occurring at the state level between WIA and TANF programs. We analyzed five types: formal linkages (such as memoranda of understanding, state-level agreements, or mutual referral agreements); informal linkages and interagency communication (such as sharing information about programs or changes in programs as they occur); interagency and intra-agency workgroups and consolidated advisory boards; coordinated planning; and shared performance measurement and reporting.

Some of the largest gains in program coordination between 2000 and 2001 were seen at the local level, with the most dramatic changes occurring in informal linkages, such as periodic program referrals or information services. Forty-four states reported that most of their one-stop centers had informal linkages with their TANF programs in 2001, compared with 35 states in 2000 (see figure 2). Similarly, 16 states reported that most of their one-stop centers had shared intake or enrollment systems in 2001—up from 13 in 2000, and 15 states reported in 2001 that they used an integrated case management system in most of their one-stop centers—an increase of 1 state from our 2000 results. Also, our analysis suggests that more coordination methods are in use at the local level. The number of states that reported that most of their one-stop centers used all seven methods of local-level coordination increased in 2001 to 10 states from 7 in 2000.[6] Some of these coordination methods have the potential to reduce the administrative burden on both clients and staff by decreasing the number of applications that clients must complete and eliminating the need for staff to enter similar client information into several systems. For example, one locality in Connecticut cross-trained staff to provide both TANF and WIA services and developed an integrated case management system so that one case manager could track clients across both TANF and WIA programs, in an effort to reduce the amount of time that staff needed to spend on administrative tasks like data entry.

[6]Our survey asked states to tell us whether most of the centers coordinated TANF and WIA programs. We analyzed seven methods—informal linkages (such as periodic program referrals or information services) and interagency communication (such as phone calls, memos, or flyers announcing program services); formal linkages (such as memoranda of understanding or mutual referral agreements); coordinated planning; shared intake and enrollment; integrated case management; shared client tracking; and shared performance measures.

Figure 2: Coordination Methods That States Reported Most of Their One-Stop Centers' Using, 2000 and 2001



Coordination of Services through One-Stops Increased, and the Form It Took Varied According to Services Provided

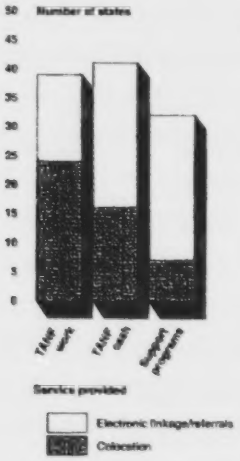
Increases in coordination between the TANF program and one-stop centers were also seen in the use of the one-stop center system to provide services to TANF clients. While the same number of states—24—reported in both 2000 and 2001 that services for the TANF work program were colocated at the majority of their one-stops, the use of electronic linkages or referrals increased. Fifteen states reported in 2001 that services for the TANF work program were either electronically linked to the majority of their one-stop centers or provided by referral between the two programs. In 2000, 11 states reported these types of linkages.

About half of the states coordinated their TANF cash assistance or Food Stamps or Medicaid programs with the one-stop centers, electronically or by referral in 2000 and 2001. State officials in both Connecticut and New Jersey reported that even though one-stop staff did not determine eligibility for Medicaid and Food Stamps at the one-stops, the staff were

expected to refer clients to appropriate support services outside one-stop centers. While not as prevalent as electronic linkages or referrals, colocation of cash assistance appeared to increase in 2001: 16 states reported that they provided cash assistance services at least part time at the majority of their one-stop centers, compared with 9 states in 2000. Colocation of Food Stamps and Medicaid remained the same: seven states reported in both years that they provided those services at least part time at the majority of one-stops.

In general, the form of coordination between TANF and one-stops was different depending on the particular program services that were provided. For example, when the TANF work programs were being coordinated through the one-stop centers, services were more likely to be colocated. TANF cash assistance and the Food Stamps and Medicaid programs were more likely to be connected electronically or by referrals (see figure 3). Sometimes states instituted policies to further strengthen the relationships between the programs and ensure that clients were connected to one-stop services. In Michigan, for example, TANF clients were required to attend an orientation session at the one-stop before they could receive cash assistance. Similarly, in Connecticut, where there were low participation rates for TANF clients at one-stop centers, the legislature enacted a law requiring TANF clients to use one-stop centers as a condition of receiving cash assistance.

Figure 3: Forms of Coordination That States Reported the Majority of Their One-Stops' Using in 2001



In our site visits, we saw wide variation in the degree to which other support services, such as child care and transportation, were provided through the one-stop system. For child care assistance, the forms of coordination ranged from the colocation of child care programs at the one-stop to providing information on services available elsewhere. In New Jersey, for example, representatives from child care assistance programs were colocated at some of the one-stop centers, whereas in Arizona, coordination was limited to brochures supplied to one-stop centers. Many of the one-stops that we visited provided some kind of transportation assistance, although the nature of the services and whether or not the services were reserved for TANF clients varied from locality to locality. For example, in one location in New Jersey that we visited, the one-stop center reimbursed transportation expenses to any low-income client attending training, whether or not the client was covered under TANF. Another New Jersey one-stop provided van services to transport former TANF clients to and from job interviews and, once clients were employed, to and from their jobs, even during evening and night shifts. Similarly, a

one-stop in Connecticut provided mileage reimbursement to current and former TANF clients for their expenses associated with going to and from their jobs. And in Louisiana, a one-stop we visited contracted with a nonprofit agency to provide van services to transport Welfare-to-Work grant recipients to and from work-related activities.

How Services Were Delivered Depended on State and Local Preferences and Conditions

Little is known about the relative success of TANF clients who use one-stop centers compared with those receiving services elsewhere, and state and local officials told us that decisions about how services were delivered were based on state and local preferences and conditions. Some state and local officials expressed a preference for colocating TANF programs at one-stop centers. For example, officials in a local area in Louisiana believed that colocation of TANF programs at the one-stop center would benefit TANF clients by exposing them to the one-stop center's employer focus. These officials also said that colocation would result in a more seamless service delivery approach, giving clients easier access to the services. Other state and local officials preferred not to colocate all TANF-related programs. While they supported the colocation of TANF work programs, they thought that cash assistance, Food Stamps, or Medicaid should be provided elsewhere. For example, Michigan officials told us that keeping eligibility functions for TANF cash, Food Stamps and Medicaid separate was beneficial, because welfare staff had more expertise in the provision of social services while labor staff were better equipped to provide work-related services. Still other state and local officials were concerned about the colocation of any TANF-related programs, because TANF clients required special attention and were best served by staff trained to address their unique barriers. For example, in Arizona, TANF work programs were provided to TANF clients through a system that was not connected to one-stop centers. Rather than colocating or systematically referring welfare clients to one-stop centers, officials there said that one-stop staff should refer TANF clients to one-stop centers on a case-by-case basis. State officials in Washington reported that TANF clients need a higher level of supervision and more structured assistance than they believed one-stop centers could provide. Officials saw the one-stop centers as better structured to serve those clients whose participation was voluntary, whereas TANF clients are generally required to engage in work.

Local conditions, such as geographically dispersed one-stop centers and low population density of TANF clients, also influenced state and local decisions about how to coordinate TANF-related programs with one-stop centers. For example, officials in Alabama reported that although welfare

agencies were located in every county, one-stop centers were less prevalent in their state. They felt it was impractical to have TANF-related services colocated at one-stop centers, because one-stop centers would be inaccessible to many TANF clients. In addition, officials in Illinois said that they were hesitant to coordinate the provision of work-related services for TANF clients at one-stop centers in areas where the TANF population had recently declined. Because of declining TANF caseloads in Illinois, state officials stressed the importance of allowing local areas the flexibility to determine how to coordinate TANF-related services with one-stop centers. Conversely, other states were working to make one-stop centers more accessible to TANF clients. For example, both New Jersey and Louisiana established plans to create satellite one-stop centers in public housing areas. Because of the variation in local conditions, several state officials stressed the importance of local flexibility in determining the nature of coordination of TANF-related programs with one-stop centers.

Coordinating TANF Services with One-Stop Centers Has Continued to Present Challenges to States and Localities

Despite increases in coordination between the TANF program and one-stops from 2000 to 2001, states and localities have continued to face challenges in coordinating their TANF work programs with one-stop centers. For some of the challenges, the existing flexibility under both TANF and WIA allowed states and localities to find solutions; and we found that some areas developed ways to resolve them. However, other challenges cannot be easily resolved at the local level. Most challenges are similar to those we reported in 2000 when WIA was first implemented. In general, the challenges result from state and local efforts to (1) develop the one-stop infrastructure that allows staff to readily provide needed services to TANF clients and (2) develop more compatible program definitions and requirements.

Developing One-Stop Infrastructure to Provide Services to TANF Clients

Infrastructure limitations—in terms of both facilities and computer systems—continued to challenge states and localities in their efforts to coordinate TANF-related programs with one-stop centers.

Limited Facilities

Colocation of TANF services within the one-stop was not a viable option in many of the locations that we visited. Officials in several states reported that available space at one-stop centers was limited and that the centers could not house additional programs or service providers. In addition, state officials explained that long-term leases or the use of state-owned buildings often prevented TANF work programs from relocating to one-stop centers. States developed ways to overcome these challenges to colocation in order to meet the needs of TANF clients. For example,

Louisiana's Department of Labor placed a Welfare-to-Work staff member in all local welfare offices. These staff members provided TANF clients with information about the services available at one-stop centers. In addition, one state assigned TANF staff to one-stop centers to serve TANF clients.

Incompatible Information Systems

The states that we visited reported that the inability to link the information systems of TANF work programs and one-stop centers complicated efforts to coordinate programs. A recent conference that we cosponsored also highlighted this issue,[9] specifically identifying the age of information systems as inhibiting coordination efforts. The need to modernize the systems stemmed from the shift in objectives under TANF—focusing more on preparing TANF clients for work than had previous welfare programs—which created new demands on information systems; from the fact that systems used by agencies providing services to TANF clients did not share data on these clients, thus hindering the case management of clients; and from the antiquated information systems that made it difficult for agencies to take advantage of new technologies, such as Web-based technologies. Some of these concerns were also raised during our site visits and phone interviews. Some local officials said that they could not merge or share data and were not equipped to collect information on clients in different programs. TANF clients are often tracked separately from clients of other programs, and even Labor's system, the One-Stop Operating System (OSOS), does not allow one-stop centers to include TANF programs. In addition, other officials expressed concerns that sharing data across programs would violate confidentiality restrictions. The issues of incompatible computer systems are not easily resolved. Officials from two states we visited said that their states' WIA and TANF agencies were exploring the development of a shared system but that cost estimates were too high for it to be implemented at this time.

Developing More Compatible Program Definitions and Requirements

As states and localities attempted to coordinate services for TANF clients through the one-stop, they encountered challenges to harmonizing program definitions and meeting reporting requirements.

[9]For more information on integration of information systems for human services programs, see U.S. General Accounting Office, *Human Services Integration: Results of a GAO Cosponsored Conference on Modernizing Information Systems*, GAO-02-121 (Washington, D.C.: January 31, 2002).

Incompatible Program Definitions

State officials noted that although the focuses of TANF work and WIA programs were related, differences in program definitions—such as what constitutes work or what income level constitutes self-sufficiency—made coordination difficult. While many program definitions are established by legislation and cannot be changed at the state or local level, a few can be locally determined, and two states found ways to harmonize their locally determined definitions. For example, Connecticut developed a self-sufficiency standard that could be uniformly applied across TANF and WIA, so that both programs would place clients in jobs with similar wage levels. One local one-stop center we visited in Arizona also worked to accommodate differences in program definitions. At this center, TANF and WIA officials worked together to develop training for both programs that enabled TANF clients to meet the requirement of a TANF work activity.

Incompatible Reporting Requirements

As is the case with other programs in the one-stop centers, states and localities continue to struggle with the different reporting requirements attached to the various funding streams. Each program has restrictions on how its money can be used and what type of indicators it can use to measure success. Because the federal measures evaluate very different things, tracking performance for the TANF and WIA programs together was difficult. Despite the flexibility in TANF, state officials felt constrained by the need to meet federally required work participation rates, and they told us that they used these federal requirements to gauge how well their TANF work programs were performing. For example, one state official was concerned that the state TANF agency was focused more on meeting work participation rates than on designing programs that might help their TANF clients become self-sufficient. WIA, on the other hand, has a different set of performance measures geared toward client outcomes, including the degree to which clients' earnings change over time and whether or not the clients stay employed.[11] Many states and localities are organizing their WIA programs to maximize their ability to achieve these and other key client outcomes. These differences in program indicators often lead to very different program services for clients. Because of these differences, coordinating TANF work programs with the one-stop centers was difficult. These different reporting requirements may need either state or federal action to resolve.

[11]For more information on performances measures for WIA-funded programs, see U.S. General Accounting Office, *Workforce Investment Act: Improvements Needed in Performance Measures to Provide a More Accurate Picture of WIA's Effectiveness*, GAO-02-275 (Washington, D.C.: February 1, 2002).

Concluding Observations

Even though TANF was not made a mandatory partner under WIA, we see some early evidence that states and localities are increasing their efforts to bring services together to fit local needs. These changes, like all culture changes, will take time. It appears, however, that as the systems have matured and their shared purposes and goals have become evident, many states and localities have found it advantageous to coordinate TANF and WIA programs. This move toward integrating services is not happening everywhere—it has been left to state and local discretion. Many state and local officials hailed this flexibility in the programs as an important step in helping them to design their service delivery systems and to integrate services where appropriate. But their efforts to bring services together continue to be hampered by the same obstacles that we reported nearly two years ago: limited capacity to develop the needed infrastructure—both in terms of facilities and information systems—and the need to respond to the multiple, sometimes incompatible, federal requirements of the separate programs. As Congress moves toward reauthorizing both WIA and TANF, consideration should be given to finding ways to remove these obstacles to service integration.

Mr. Chairman, this concludes my prepared statement. I will be happy to respond to any questions that you or other members of the subcommittee may have.

GAO Contacts and Acknowledgements

If you or other members of the subcommittee have questions regarding this testimony, please contact Sigurd Nilsen at (202) 512-7215 or Dianne Blank at (202) 512-5654. Suzanne Lofhjelm, Mikki Holmes, Natalya Bolshun, and Kara Finnegan Irving made key contributions to this testimony.

APPENDIX D - WRITTEN STATEMENT OF GREG GARDNER, INTERIM EXECUTIVE DIRECTOR, UTAH DEPARTMENT OF WORKFORCE SERVICES, SALT LAKE CITY, UT

House Education and Workforce Subcommittee on 21st Century Competitiveness

Testimony of Greg Gardner on
"Welfare to Work: Ties Between TANF and Workforce Development"

March 12, 2002

Good morning, Mr. Chairman and members of the Subcommittee. I am Greg Gardner, Interim Executive Director of the Utah Department of Workforce Services. Today, I am testifying on behalf of the State of Utah. Thank you for the opportunity to speak today on the ties between Temporary Assistance for Needy Families (TANF) and workforce development.

The Department of Workforce Services (DWS) is the product of Utah's bold vision for the future of quality workforce development. It is a consolidation of all employment related functions into a comprehensive service delivery system. Now job seeker and employer customers can access the services they need without the confusion and burden of working with multiple agencies. Utah was one of the first states to consolidate employment and welfare programs and to establish a statewide system of "one-stop" Employment Centers. A key accomplishment of the department's consolidation has been the total revamping of its service delivery structure. The center piece of the structure has been our thirty-eight "one-stop service centers" that offer a full array of employment, training, and case management, and supportive services such as; TANF, child care, food stamps, medical assistance, and unemployment insurance, to the job seeker.

The agencies subsumed under DWS on July 1, 1997 were:

- **The Department of Employment Security** (or "Job Service") which administered Unemployment Insurance (UI), employment services, and labor market information.

- **The Office of Family Support** which administered public assistance programs such Aid to Families with Dependent Children (AFDC), Food Stamps, and subsidized child care.

- **The Office of Job Training** which coordinated job training programs including the Job Training Partnership Act (JTPA).

The Office of Child Care which was created to assure

quality child care is available to those who need it.

- **The Turning Point Program** which served displaced homemakers with educational opportunities and other employment related services.

The national environment of workforce development has also evolved substantially since the creation of DWS. Changes to federal programs include the 1996 Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) and the 1998 Workforce Investment Act (WIA).

Welfare Reform in Utah

In 1993, Utah received a federal waiver to launch its welfare reform program that was designed to increase income through earnings and child support. Utah's strategy was a departure from AFDC, where the focus was placed on universal engagement in activities leading to employment, a self-sufficiency plan and full-family case closure for non-participation. Utah achieved great success in moving families off of welfare and into work through an individualized case assessment, diversion assistance, employment and training and on-going case management. When the federal welfare law was enacted, Utah implemented a 36-month lifetime time limit with extensions for: those who are medically unable to work, victims of domestic violence, parents caring for the medical needs of a dependent, those unable to complete education or training programs due to the state's inability to deliver needed services. The integration of workforce programs directly supported Utah's welfare reform efforts by making comprehensive employment and training services available to our cash assistance customers in each of our one-stop centers.

WIA has also significantly impacted our role by ensuring that we provide employment and training services to the "universal customer," rather than to income-eligible participants. This law has also substantially expanded the customer base previously served under JTPA. Workforce services agencies everywhere are required to provide at least three levels of employment and training services (core, intensive, and training) to everyone, including a new emphasis on youth. This can only be done in collaboration with other agencies and partners by leveraging essentially the same amount of federal funds as were available under JTPA with other state and federal funding resources.

Utah's One-Stop System

DWS' one-stop system, and the wide array of services it offers, is more able to meet the diverse needs of our customers. Services are available universally to all DWS customers and are geared toward assisting job seekers find their first job, better job and career. When job seekers or employers call or come into a local employment center, their employment needs are assessed to determine which services are most appropriate.

DWS helps customers advance in the workplace through the use of the services it offers in its employment centers. Our organizational philosophy is that entry-level positions are intended to be a stepping stone towards skill development and greater employment opportunities. Every customer, whether they are a single-parent returning to the workforce or a displaced worker, is invited to return to us for additional employment and/or training opportunities.

One of the benefits of our integrated system has been our ability to leverage resources to better serve the "universal customer" as defined by WIA. For example, several million dollars of TANF funds have been made available to provide training services to TANF-eligible customers. By using TANF funds to pay for customers who are low income and have children in the home, more WIA funds can be used for individuals who may not have children, are universal customers, or are considered part of the working poor. Under our consolidated system, customers also have access to important work supports such as child care, food stamps and medical assistance.

Utah's one-stop system is especially important in light of the changing economy. Like many other states, Utah has been successful in moving its welfare customers into employment and has received two bonuses from Health and Human Services for job placement and retention. At the same time, there has been much national debate about the adequacy of the unemployment insurance system and if it will protect those most vulnerable to layoffs. Utah is proud of its efforts in welfare reform and is an excellent position to help those who may be laid off during these rough economic times because of its one stop system. Although not everyone is eligible for unemployment insurance when they become unemployed, Utah is able to serve them through our one-stop centers and provide them with the needed career counseling, training services and supportive services while they attempt to get back on their feet.

Lastly, our one-stop system provides continued support to the employed and underemployed through its self-help "job connection rooms" and no-stop Web services. Governor Michael Leavitt's vision is that all state government services be available over the Internet by the year 2004. Currently, electronic services available to all customers include resume preparation tools, job referrals, jobs skills workshops, skills testing, unemployment insurance, and more. Web-based registration and job matching services will be going online in September of this year.

Business Services

Employers are critical to the success of the Department of Workforce Services (DWS). Businesses, large and small, are integral DWS customers and are key members of the State Council, Regional Councils, and Employer Committees. Business representatives regularly consult DWS on marketing, day-to-day operations, and the quality of the services DWS provides. They help DWS, understand the labor market, offer suggestions for improvement, and often provide

important resources that are otherwise unavailable. Utah's businesses also help us know what skills sets our financial assistance customers need to be successful in the workplace.

The integration of workforce services in Utah has also provided our employers a comprehensive set of services such as: partnerships with economic development agencies to assist new and expanding businesses; education on work/life issues; access to an expanded applicant pool that includes TANF recipients who are looking for work; training services including basic skills, re-training, and skills upgrading; Welfare-to-Work and Work Opportunity Tax Credits; Veterans' services and rapid response and pre-layoff intervention services.

Challenges

The challenges facing our workforce system can be summed up in two areas: (1) funding and (2) simplification and alignment of federal rules and regulations.

Funding

States have demonstrated their ability to administer a program with a block-grant structure. The flexibility allowed under the TANF block grant has allowed states to model programs based on their specific needs. However, one-stop employment center funding provided by the WIA and Wagner-Peyser funding streams do not adequately support the one-stop vision. Utah has been able to leverage resources and take advantage of the flexibility provided under the Temporary Assistance for Needy Families block grant to keep a physical presence in all areas of the state and to provide customers seamless access to all of the employment and supportive services we provide.

However, this causes some administrative problems when a state such as Utah, tries to integrate the multiple funding streams available under TANF, WIA, Wagner-Peyser, Unemployment Insurance/Employment Service, Food Stamps, Child Care, etc. These funding silos, often with conflicting eligibility criteria, continue to make true program integration a challenge. In addition, federal grants have overlapping uses but are earmarked for services to select segments of the population, requiring us to "profile" or "Pigeon hole" people in order to serve them. This "silo" funding approach is a major inhibitor to efficient service delivery in a one-stop setting.

For example, serving "universal" job seekers, as defined under WIA, in a one-stop environment utilizes funds provided by multiple programs (Wagner-Peyser, WIA, Food Stamps Employment and Training, TANF, etc.). Reporting back to federal and state lawmakers on the use of "pooled" resources is challenging. Providing services in a truly integrated one-stop system is easier than the accounting mechanisms required for those funds.

Simplification and Alignment of Federal Rules and Regulations

Utah has been able to provide customers access to a wide variety of services in a seamless manner, however, we continue to face challenges because of a lack of alignment between federal rules and regulations. Utah often faces conflicting performance outcomes, definitions and eligibility criteria, data collection requirements and reporting systems between programs. For example, differences in the definitions of eligibility criteria between federal funding streams encumber the delivery of services in a one-stop environment.

States are required to determine household composition differently under the TANF block grant than WIA. For example, under TANF states are required to count all children and adults living in a household for eligibility purposes. Income and assets are counted for every individual in the household and are used to determine eligibility regardless of whether or not the child's parents are married. Under WIA, blood, marriage, or decree of court defines the family unit. This means that a household where both parents are present in the home, but not married, would be considered a single parent household with only the mother and child's income used to determine eligibility.

The complexity of program rules and requirements has been a significant burden on our front line workers as they attempt to provide integrated services in a consistent and accurate manner. On average, it takes an eligibility worker one year to learn the complex program rules and requirements required for each of the programs we administer.

Simplification and alignment of federal rules and regulations by legislative changes or through waiver authority, is critical if you want to support truly integrated service delivery. We support the Administrations' provisions for "super waivers" and would volunteer to implement demonstration programs that would test a truly integrated one-stop system.

Conclusion

I do believe we are at the beginning of an unprecedented era in this country's workforce history. With some additional investment and encouragement by Congress, I know that whether we have a high-tech employer come to our office to participate in a job fair or a low-income mother with two kids looking for her first job, our system is prepared to meet the challenges of the new economy. Thank you for this opportunity and I would be happy to respond to any questions that you may have.

APPENDIX E - WRITTEN STATEMENT OF JOHN B. O'REILLY, JR., EXECUTIVE DIRECTOR, SOUTHEASTERN MICHIGAN COMMUNITY ALLIANCE, TAYLOR, MI

TESTIMONY
of
JOHN B. O'REILLY, JR.,
Executive Director, SEMCA
before
SUBCOMMITTEE on 21st CENTURY COMPETITIVENESS
March 12, 2002

Good Afternoon Chairman McKeon and honorable members of the Subcommittee on 21st Century Competitiveness. I am pleased to be invited here to address TANF reauthorization. I was asked to testify today by the Michigan Department of Career Development on behalf of the State of Michigan and Governor John Engler. I am one of 25 Michigan Works Agency Directors and represent a Service Delivery Area that serves 1.3 million people living in communities ranging from urban to rural.

Simply put, I believe that TANF Employment and Training Services should be delivered in concert with the full range of services offered in the WIA One-Stops. The Michigan Model provides dramatic support for that belief.

Michigan implemented a "Workfirst" model of labor market attachment for persons receiving TANF services in 1994. The Department of Social Services became the Family Independence Agency and began a very successful partnership with the then JTPA Private Industry Councils. In 1996, Governor Engler implemented a One-Stop delivery system for Workforce Development services that included all State administered employment and training programs. By the time the Federal Welfare-to-Work and Workforce Investment Act programs became law, Michigan already had a fully integrated delivery system in place that included TANF programs.

The success of this system has been dramatic. Welfare caseloads have shrunk and outlays have shifted from cash support to childcare and other supportive service payments. Of the $89,744,930 allocated from TANF funds for Workfirst Employment services this past program year, the Michigan Works system spent 99.9% of this allocation serving 119,245 FIA participants, 58,830 of whom became employed.

A strong partnership has developed between the FIA staff and the MWA staff to serve their mutual customers. Referrals are made electronically from FIA staff to the MWA One-Stop statewide client-tracking database. FIA counselors have direct access to the Workforce Boards client database to receive real-time information on their caseload. Both the FIA counselors and the One-Stop counselors can write and read case notes on their shared customers.

The first activity of a newly referred Workfirst customer is a joint orientation with

the FIA and MWA One-Stop staff. All aspects of the program are reviewed and a jointly produced video is shown. A jointly produced handbook is also distributed. After a morning orientation, the customer begins their initial Workfirst activities the same afternoon. The first activity centers around building self-esteem, an attribute characteristically missing from most Workfirst customers. Every attempt is made to personalize this experience and build each customer's self-confidence.

In the brief time I have with you today, I would like to focus on what I believe makes the Michigan system highly successful. All of the Workforce services are coordinated at the regional level by the Workforce Development Board. All customers are served in a collaborative system that best utilizes resources and existing community support. Employers have a single point of access to services that are specific to their needs.

Employers don't know which government program brought our customers into the system, only that they are referred persons who are prescreened to suit the job order placed with the One-Stop. All of our SEMCA One-Stops host local Employer focus groups to improve our Employer services. In Michigan, all the programs are available in one place: Dislocated Worker, Adult Disadvantaged, Youth, Workfirst, Displaced Homemaker, Employment Service, Welfare-to-Work and Vocational Rehabilitation. The Talent Bank, Job Bank, assessment tools, job seeking skills workshops, Labor Market Information, training opportunities, basic skills training and supportive services are equally accessible by all customers.

In the region I serve, our Board instituted in 1996 a One-call/One-stop system that begins services with a toll free phone call. This phone triage method utilizes an independent referral agency to counsel, collect initial eligibility, make referrals to services and conduct follow-up with every new customer. The intent is to add value to the customer's goals every time they interact with the One-Stop system.

With the budgetary constraints that now exist with all publicly funded programs, it is important to manage resources wisely. TANF employment can support and be supported by the other Federal and State programs that should be in the One-Stops. Supportive services like childcare and transportation can be better utilized. Our local transit system provides buses and vans and we provide drivers to move people from areas of high poverty to areas with high job density. Both the Child Care Coordinating Council and Goodwill are in our centers. Our Community Colleges and Adult Education providers are in our centers providing access to basis skills training, occupational training and ESL for our limited English customers.

Our centers also house clothing boutiques, food banks, and nutritional seminars from a local hospital.

Over the past year we have succeeded in getting greater numbers of TANF customers to achieve their General Equivalency Diplomas (GEDs). We have also increased our efforts to get them to enter skills training in demand occupations. Some occupational training includes Computer Network installation (A+, Cisco

Systems), LPN, Certified Nurse's Assistant, truck driver, Computer Aided Manufacturing, EMT and basic auto repair. The difficulty is finding condensed skill specific training that is both on demand and market driven. One mentoring program for TANF customers utilizes professional volunteers from the American Society of Employers to induce work compliant customers to volunteer to take training for higher paying jobs.

If our TANF customers are not able to receive their services in our centers, their funding stream will carry a heavier burden and our centers will find it harder to maintain a broad range of opportunity.

I have included in the materials provided to you today an assortment of materials that have been developed by our Board to attract and assist customers. Some of these materials showcase the services provided to TANF customers. WIA has had a very uneven implementation Nationally. The most important thing to keep in mind is that where the true intent of WIA is in place, it is working well. This past program year, Michigan was second only to Vermont in total WIA spending. Michigan also met all 17-performance standards. Congress had the right idea. Dare I say, stay the course? TANF Workforce programs belong in a fully integrated One-Stop environment. In 1996, Michigan declared, "Workforce Development is Economic Development." It is even truer today than it was then. Thank you.

APPENDIX F – WRITTEN STATEMENT OF ERIKA KATES, Ph.D., SENIOR RESEARCH ASSOCIATE, HELLER GRADUATE SCHOOL, BRANDEIS UNIVERSITY AND EXECUTIVE DIRECTOR OF THE WELFARE, EDUCATION, TRAINING, ACCESS COALITION, BOSTON, MA

Committee on Education and the Workforce: Subcommittee on 21st Century Competitiveness

"Welfare to Work: Ties between TANF and Workforce Development"

March 12, 2002

Testimony of Erika Kates, Ph.D.
Senior Research Associate, Heller Graduate School, Brandeis University;
Executive Director of the Welfare, Education, Training Access Coalition (WETAC).

Mr. Chairman and Members of the Subcommittee:

Thank you for the opportunity to address you this afternoon.

My testimony today is based on my six years as director of the Welfare, Education, Training, Access, Coalition (WETAC) at the Heller Graduate School of Social Policy, Brandeis University. In this capacity I work closely with educators, job-training specialists, and employers in Massachusetts. I also have sixteen years experience in teaching, working with, and conducting research on low-income women in postsecondary education.

I understand that your question today concerns the extent to which WIA and TANF policies complement each other. Clearly they are both positioned on a workforce development continuum with the Work First approach at one end and the Human Capital Investment approach at the other. The conventional wisdom is that WIA is position closer to the human capital part of the continuum, with TANF close to Work First. The challenge for workforce development is to bring them closer, through coordination, integration, and even collocation.

My experiences in Massachusetts lead me to believe that there is almost no coordination between WIA and TANF. For example, I recently attended a meeting that was convened by a large Boston foundation to allow workforce development leaders to discuss concerns they might have. With a single voice all twelve participants expressed frustration with the piecemeal and fragmented resources that both they and their clients have to negotiate. They would like responsive systems with seamless referrals that do essentially what WIA was designed to do -- test skills, address barriers, and provide information about substantive skill training.

At WETAC our experiences and observations have led us to hire and train low-income women to provide information about education and training that is not available at either TANF offices or one-stop centers. In both places the message that

low-income women hear is "Get a job, any job".

I know that Massachusetts is known for its poor coordination between WIA and TANF, but my major concern is that coordination and integration are not advantageous *unless* they help low-income people gain access to substantive education and training, particularly postsecondary education.

I ask you to give serious consideration to improving access to postsecondary education for low-income parents for the following reasons:

1. It is essential to upgrading skills required in a 21st Century workforce

2. It is essential to provide a living wage for families, especially those headed by women

3. It has substantive benefits for children and is an investment in our future

4. It is cost-effective and has built-in accountability mechanisms

5. It builds upon a highly developed infrastructure, and is supported by many states and educational institutions.

1. Essential for upgrading workplace skills required in a 21st Century workforce

There is no doubt that the 21st Century workforce requires more preparation than 8th grade level reading and writing skills. Most employers want employees that can read and comprehend complex written instructions, transmit instructions to others verbally and in writing, understand detailed schedules and financial statements, work in teams and negotiate successfully.

A recent study in Massachusetts found that 1.2 million workers do not have the necessary skills for a 21st Century economy. They concluded that every adult should have "guaranteed access to two years of public college-level training".

That employers are frustrated by the lack of a suitably skilled workforce can be seen in the tactics they used in the recent boom economy. Employers throughout New England resorted to importing employees from other states and abroad in efforts to fill their vacancies. Because of the divide between public assistance and workforce development policies, few seemed aware that TANF recipients, if properly trained and educated could fill these positions.

Yet although some consensus exists that upgrading skills is a priority for both

incumbent and new workers, employers, educators and others find it problematic to integrate and coordinate fragmented systems with different goals. As one analyst noted, "Work First has hijacked workforce development".

PRWORA/TANF and Welfare-to-Work policies were designed to focus on providing education and training at the *post-employment stage*. However, apart from a few successes and exemplary projects, the overall picture is gloomy, especially for low-skilled workers, and even more so for single mothers.

For example, some analysts predicted that PRWORA's 20 perçent limit on families that could be exempted from work requirement would be insufficient. Recent studies have confirmed this prediction. A recent review suggests that 40 percent is a more realistic goal until major barriers are addressed. The most common barriers are lack of available, reliable and affordable childcare; poor basic skills; transportation; domestic violence; and family illness. These studies reveal that a large proportion of women must overcome several barriers. Fifty eight percent of mothers had 1-3 barriers, and a further 24 percent had 4-6 barriers.

Moreover, these barriers to enter the workforce are compounded in suburbia, small towns, and isolated rural areas where concerns are widespread that business opportunities might be lost because of a poorly trained workforce. "Lack of a well-educated labor pool makes it more difficult to recruit businesses that bring good jobs. Education should be part of a common development strategy to benefit all populations."

2. Provides a living wage for families, especially those headed by women.

The TANF caseload declined steadily from five million to just over two million families. There is some debate over the extent to which TANF is responsible for these decreases, but it is clear that caseload reduction can be attributed to several factors including economic prosperity, high employment, increases in sanctions (due to administrative matters), as well as factors -- like marriage and finding employment -- that have always existed.

What is disturbing however, are the data showing that large numbers of families are still living in precarious financial circumstances. For example, studies show that 20 percent of the poorest families lost income between 1995-97, and that the proportion of children living in deep poverty -- 50 percent of the poverty level – has actually increased. Other studies show that:

- 50-60 percent of welfare leavers were unemployed at any one time,
- Almost one third of adults who found work between 1995-97 were unemployed in 1997.
- More than a half of the leavers did not reach the income level they

had shortly before leaving AFDC".

- The average wage of women leaving welfare is $6.61 an hour, with annual earnings that are typically less than $8,000-$10,000.

- Mothers who earn income over $8,000 often do so by working more hours, rather than receiving higher wages.

- 27-30 percent of families that left TANF with no visible source of income.

- Only 8 percent of leavers worked throughout a four-year period.

The picture that results from these data is one of inadequate incomes to support families due to low wages, poor job security, unemployment, and lack of cash benefits.

I would argue that the most likely avenues to better wages, stable jobs and secure benefits are

1) Access to substantive education and training opportunities

2) Sufficient resources to address multiple barriers to employment.

Education is an essential component to achieve economic stability, especially for women and even more so for women of color. One quarter of all householders whose wage earners have less than a high school education live in poverty, compared to 7 percent with some college, and 2 percent with a bachelor's degree.

For families to obtain an income of $18,200 -- just above the poverty level of $17,650 for a family of four -- an adult would need to earn at least $10.00 an hour at a

full-time, year-round job with benefits that covered sick time and personal leave. Because of gender wage differentials women require more education than men to achieve similar wage levels. The median wage for women reaches $10.00 an hour when they have some college, compared to men's wage of $11.25 with a high school diploma. To reach a more realistic family income of $27,000 or $15.00 an hour, women need to have completed a bachelor's degree, while men only need some college. For women of color the wage differentials are more marked.

In contrast, attendance at a community college can increase earnings 10% even for those who do not graduate, and the earnings increase are far greater for welfare recipients than for non-welfare recipients. Eighty percent of former recipients who

bachelor's degrees achieved almost the median wage, and were not receiving cash benefits within three years of graduation. *These benefits are sustained when compared to even the best short-term education/training programs designed for recipients.*

3. Yields substantive, long-term benefits for children.

Child-welfare specialists have observed that both public assistance and child welfare policies have "two-generation effects" and find that that the most effective programmatic interventions are those with positive results for parents and children. The most important predictor of children educational achievements is their mothers' educational achievements and test scores, regardless of income. These findings hold up in large longitudinal studies as well as small case studies. In addition, children's achievements are closely oriented to their mothers' "orientation to challenge"; and their mothers' participation in community life through churches, parent-teacher and community associations.

Mothers who attend college have observed that their children become more keenly aware of the hard work and determination that is required. They learn from their most important role models that reaching goals requires people to make sacrifices and to have a long-term perspective and they become familiar with college campuses. Almost all the women I know who were able to obtain their degrees under earlier policies now have children who have benefited in these ways. Thus, providing substantive education opportunities to low-income mothers now will have positive and long-term payoffs for family members in the future.

4. Provides cost-effectiveness and accountability

One obstacle to the promotion of the postsecondary education option is the erroneous belief that TANF funds are expended on college tuition and fees. This is not the case. Recipients apply for, and obtain financial aid, including loans, like any other low-income student. In fact, some families lose money when they receive financial aid because some income, for example, from state scholarships is counted as disposable income, thus leading to reductions in food stamps.

The expenditures that accrue to TANF are the cash benefits to feed and house a family. Since the average monthly TANF grant is $358.00 a month per family or $4,300 per year, this is a relatively small investment when compared with other costs of workforce development. For example, these costs should be weighed against the relatively high costs of tax and wage credits for businesses in amounts of $2,500 –5,000 per person hired, or those of short-term training programs of $3,000-8000 per person.

Moreover, when the long-term benefits of post secondary education are factored in -- the increase in productivity, increased tax revenues, the multiplier effect of consumer spending in local communities, and the positive effects for children it would seem to be a sound investment on all fronts.

An important component of workforce development policy is to develop the ability to track participants and to measure outcomes to determine the effectiveness of the $1b. that is being expended. WIA requires tracking, long-term employment retention and wage progression. TANF with a budget of $26.b. does not have uniform tracking and measuring capacity. Moreover, any efforts to integrate and coordinate information systems are complicated by lack of coordination and integration mentioned above.

In contrast, postsecondary education offers consistent, uniform and simple methods of establishing performance accountability, a fact that is often overlooked. All students receiving Pell grants must make satisfactory progress and maintain a Grade Point Average of 2.5. in order to receive federal funds. In fact, many manage to maintain GPA's of 3.5 and more.

5. Builds upon a highly developed infrastructure, and is supported by many states and educational institutions.

Another frequently overlooked point is that low-income women have attended postsecondary institutions for three decades. The fastest growing demographic student group in since the 80's is that of women over 30, and in some colleges women over 24 account for nearly half the student population. Over time many colleges have developed programs and resources like childcare, mentoring, counseling, family events and even housing. In addition, local business organizations, community and faith-based groups often impressed by the perseverance of these students, contribute holiday food and gifts to their families.

Prior to TANF, 2-5 percent of adult recipients i.e. 210,000-350,000 women attended some form of postsecondary education. Since then educators throughout the country have reported a drastic decline. These numbers reflect the fact that access to postsecondary education was clearly an option prior to 1996, through the Job Opportunities and Basic Skills (JOBS) component of the Family Support Act, 1988.

States decided whether they wanted to include the postsecondary option, and by 1993, 48 states had chosen to do so. Data collected on client participation in 1995 revealed that education activities clearly outweighed all others.

The measures of support did not vanish with PRWORA. Recognizing the value of education thirty-three states went beyond the federal guidelines of allowing twelve months of vocational-education. Fifteen permitted one or more of the following: education could count as a stand-alone activity in fulfilling work requirements; could take twenty-four months or more; could be grounds for extensions, and stop the time clock on cash benefits.

Another twelve states implemented mid-course corrections to allow more TANF recipients to have more access to postsecondary education post-PRWORA. For example, some insisted that TANF caseworkers provide information on educational options to their clients, and others some stopped the time clock.

It is clear from these examples that in spite of strong signaling by the federal government that postsecondary education should be limited, support for it still exists in a sizable number of states.

PRWORA/TANF may have temporarily diverted most policy makers and analysts' attention to examining the pay, jobs, and retention rates of low-income mothers, but increasing concern over family poverty, and a growing recognition of the need to develop policies that will substantially improve workers skills, is driving many analysts and policy makers to reconsider the value of maintaining stringent limitations on access to substantive education and training. As someone who has seen the benefits of such access over the years I hope that you will consider how TANF and WIA might better address these concerns.

Again, thank you for this opportunity to address you today.

APPENDIX G – WRITTEN STATEMENT OF BARBARA GAULT, Ph.D., DIRECTOR OF RESEARCH, INSTITUTE FOR WOMEN'S POLICY RESEARCH, WASHINGTON, D.C.

Utilizing Workforce Investment Act Programs and TANF to Provide Education and Training Opportunities to Reduce Poverty Among Low-Income Women

TESTIMONY OF BARBARA GAULT
DIRECTOR OF RESEARCH
INSTITUTE FOR WOMEN'S POLICY RESEARCH
HOUSE EDUCATION AND WORKFORCE COMMITTEE

Subcommittee on 21st Century Competitiveness
March 12, 2002

Mr. Chairman, Congresswoman Mink, and Members of the Subcommittee:

Good afternoon. Thank you for the opportunity to contribute to this very timely discussion of the coordination of the Workforce Investment Act and TANF programs. I am Barbara Gault, the Director of Research at the Institute for Women's Policy Research (IWPR), a nonprofit, nonpartisan organization. Since its formation in 1987, the Institute has conducted research on policy issues affecting women in five program areas: poverty and income security, employment and earnings, work and family issues, health and safety, and democracy and society.

WIA and TANF can be coordinated to improve low-income women's human capital development.

The continuing implementation of WIA and the reauthorization of the Temporary Assistance to Needy Families (TANF) block grant provides us with an historic window of opportunity to reduce poverty through improved access to education and training for those people who need it most. It is important to utilize systems under the Workforce Investment Act to improve the poverty and labor market outcomes for welfare recipients through expanded access to training. Achieving the quality performance standards associated with the Workforce Investment Act would significantly benefit low-income women by helping them find and train for high quality, high demand jobs that would help them achieve self-sufficiency and reduce poverty. WIA's focus on starting wages, retention, earnings increases and building client credentials places proper emphasis on workforce development strategies for achieving self-sufficiency. Coordination of TANF and WIA systems will be essential for developing the human capital of low-income women.

Many states and localities intend to use the Workforce Investment Act to provide high quality training.

The Workforce Investment Act allows states the flexibility to provide high quality, employment focused training to welfare recipients. Many local Workforce Investment

Boards have implemented Individual Training Account Plans that would allow welfare clients to train for up to two years, and would make significant investments in skills training. For example, Saginaw/Midland Bay Michigan's plan allocates up to $6,500 per trainee through the Individual Training Account (Patel and Savner, 2001). However, the current welfare rules limit the allowable duration of training activities, compromising states' ability to serve the low-income population effectively.

Research shows that women experience low wages, poor job quality, and continuing poverty following welfare reform.

Although welfare caseloads have plummeted across the nation, and employment rates among low-income single mothers have risen (Zedlewski, 1999), many of those who leave welfare are not earning enough to support themselves and their families. The jobs they receive pay low wages, are unstable and provide few, if any, benefits. And although incomes have risen overall, poverty remains too high. Working women and men should be able to earn enough money to support themselves and their families.

- A nationally representative study of welfare recipients, conducted by the Urban Institute in 1997, found that welfare recipients, on average, earned $6.61 per hour (Loprest, 1999). The study found that the largest group of welfare recipients (38 percent) is employed in service occupations, the lowest paying of all occupations (Richer et al., 2001); 11.5 percent were employed in sales occupations, and 19 percent were in administrative support jobs.

- A 2001 review of state level studies of welfare leavers found that in most states, those who leave welfare earn less than $8 per hour, and in many states they earn less than $7 per hour (Richer et al.). At $8 per hour, a welfare leaver would earn $16,640 if she were working a full 40-hour week. However, a recent study by the Economic Policy Institute (Boushey et al. 2001) shows that the basic family budget for a one parent, one child family in the District of Columbia in 1999 was $37,309.

- In seven states, 40-63 percent of those who left welfare to work were unemployed at some point in the year after leaving (Richer et al. 2001).

- Less than 25 percent of former welfare recipients who are working full-time have access to employer-sponsored health insurance (Loprest 1999).

- The Urban Institute found that among those who left welfare between 1997 and 1999, 41 percent of families had incomes below the poverty line (including income from EITC and food stamps). Approximately a third reported sometimes not having enough food, and more than 46 percent said they were not able to pay rent, mortgage or utility bills sometime in the last year (Loprest, 2001).

While employment levels have risen, poverty rates remain high, in large part because of the poor quality of jobs that are available to women with relatively low skills. Not only are the jobs inadequate in terms of helping women attain self-sufficiency, they offer little opportunity for growth (Strawn and Martinson 2001). They also are the most likely to be eliminated in the event of a recession (Boushey 2001). The next challenge for the implementation of the Workforce Investment Act and for welfare reform is to improve the employment and earnings outcomes for welfare recipients through high quality, job-focused education and job training.

Most welfare recipients and former recipients need skill development to get good jobs.

A major factor in explaining welfare recipients' poor job outcomes is that the majority have low skills. Forty percent of women living in poverty do not have a high school diploma, compared with 13.5 percent of those living above the poverty line; 9.0 percent have completed four years of postsecondary education or more, compared with 30 percent of the non-poor population (U.S. DOC 2001a).

- In 1999, 41 percent of those receiving welfare had less than a high school education (Loprest and Zedlewski, 1999).

- Seventy percent of welfare recipients have skills equal to or less than those exhibited by a high school graduate (Carnevale and Desrochers 1999). Whereas the non-welfare population scores, on average, within the "competent" skill level of the National Adult Literacy Survey, the average score for the welfare population falls into the "basic" zone, or one level behind.

Low skill levels among many welfare recipients are especially troubling given labor market trends. An analysis of the National Adult Literacy Survey and Bureau of Labor Statistics data predict that the greatest growth will take place in job categories that require competent or advanced skills, while the slowest growth will

occur in jobs requiring basic or minimal skills (Carnevale and Desrochers 1999). Even service sector jobs require, at a minimum, basic reading, writing, and math skills. For example, 59.4 percent of sales-related jobs require skills beyond those of a high school graduate (Levenson et al. 1999).

Employer surveys indicate that employer demand for high-skilled workers is on the rise (Holzer 1996). Investing in high quality education and training is important for both economic development and to promote long-term self-sufficiency and reduce poverty among low-income women.

Job training and education increase earnings and employment.

Job training and education have been proven to increase workers' skills, employment and earnings (Bloom and Michalopoulos 2001; Hamilton 2001; Carnevale and Desrochers 1999; Strawn 1998; Zandniapour and Conway 2001). Education opens doors to jobs that lead to self-sufficiency and increases the likelihood that women will leave welfare.

In addition, data from studies of several large national surveys suggest that higher levels of education make it more likely that women will leave welfare (Spalter-Roth et al. 1995, Loprest and Zedlewski 1999). Nationally, only 29 percent of welfare recipients who left welfare between 1995 and 1997 lacked a high school diploma, compared to 41 percent of those still receiving TANF (Loprest and Zedlewski 1999).

Numerous studies demonstrate that earnings increase with greater levels of education.

Completing high school increases working mothers' earnings by $1.60 an hour, and a college degree is worth an additional $3.65 (adjusted to 1998 dollars; Spalter-Roth & Hartmann 1991).

Post-secondary education also substantially increases earnings . A study using data from the National Longitudinal Survey of Youth found that each year of college increases earnings by four to nine percent (Kane and Rouse 1993). Maine's Parents as Scholars (PaS) program has demonstrated the success of post-secondary education in improving welfare families' chances for economic security (Deprez et al. 2002). This state-funded program allows welfare recipients to attend college while still receiving cash assistance, transportation, child care, and other support services. Students must maintain a GPA of 2.0 or higher to stay in the program. The program requires students to participate 20 hours per week in approved activities for the first two years, with time requirements increasing after the third year through either an additional 15 hours of on-site work experience or a total of 40 hours of "education, training, study, or work-site experience." Approved activities include paid employment, work study, practicums, clinical placement, internships, volunteer work, laboratory or field work, study time, and additional activities related to finding employment. Income received work study does not affect the

monthly cash assistance or food stamps benefit, and participation in the program does not count against the federally mandated lifetime limit, as the program is funded entirely with state dollars (Maine Equal Justice Partners 2001). Graduates of PaS earn a median hourly wage of $11.71, compared to the national median wage of $7.15 for former welfare recipients (Richer et al. 2001). Employer-based health insurance coverage is also dramatically improved with a coverage rate of 71.4 percent for PaS graduates (Deprez et al. 2002) compared to 23 percent nationally or welfare leavers (Richer et al. 2001).

For many welfare clients, comprehensive and individualized job training programs, such as employer-focused, customized, and on-the-job training, have significantly improved outcomes for the participants. Participants of the Portland JOBS program, for example, experienced a 21 percent increase in their length of employment, with average five-year earnings that were $5,000 greater than the participants in the control group. According to a Manpower Demonstration Research Corporation (MDRC) study, the Portland JOBS program's "success may have resulted from its unique combination of a focus on employment, the use of job search and education, and an emphasis on finding good jobs." During the five-year study period, 42 percent of members participated in educational activities at a community, two-year, or four-year college, and 25 percent accessed a vocational training program. Although there was no increase in vocational training participation compared to the control group, college participation did increase by 16 percentage points. The program also used job developers and encouraged participants to wait for good jobs, which is a distinctive feature compared to other, less successful programs (Hamilton et al 2002).

A study of job training participants in six sectoral initiative programs showed that participation resulted in an average annual earnings increase of $9,048. These programs prepare clients for employment within a specific industry by providing "high quality, sector specific training to workers and potential workers" (Zandniapour and Conway 2001).

Training women for non-traditional jobs is also an effective way of increasing income and employability. According to the U.S. Department of Labor (2000), median weekly earnings for cashiers, retail sales, and hairdressers ranged between $275 and $340, while those for women construction workers and mechanics were $475 and $627 respectively (Negrey et al. 2001).

Under the current TANF regulations, however, only 30 percent of recipients can engage in education and training activities to fulfill their work requirement, despite the proven high returns of quality education, and despite the fact that 76 percent of welfare clients lack basic skills (Levenson et al 1999).

Education and Training Improves Child Well-Being

Providing job training and educational opportunities gives adults the tools they need to end poverty not only for themselves, but for their families. More than 11.5

million children live in poverty in the United States (US DOC 2001b). They are likely to experience first-hand what research has shown – that poverty has long-lasting negative effects (McLeod and Shanahan 1996; McLoyd 1998; Reynolds and Ross 1998; Vandivere et al. 2000). Growing up in poverty, particularly if it is persistent:

- Increases the likelihood of dropping out of high school and never attending college;
- Compromises children's physical growth and cognitive development;
- Diminishes one's physical and psychological well-being as an adult.

Improving the home life of children begins with expanding the opportunities and skills of the parent. Research suggests that mothers with higher educational attainment are more involved and supportive in their parenting (Jackson et al. 2000). Their children are more likely to be raised in an environment that encourages intellectual and emotional development. As income rises, children do better in school. Even among impoverished families, rising income levels translate into improved ability measures and achievement scores (See Corcoran 1995). When their parents are educated, children are more likely to graduate from high school, which will lay a stronger foundation for their future employability and earning power.

Recommendations: Expand State Flexibility and Allocate Sufficient Resources to Provide Quality Education and Training

States must be given the flexibility and the resources needed to provide employment-focused basic education, secondary education for those who can most benefit from it, and to expand vocational training models that are most successful. Many states report that the current rules on education and training are sufficiently restrictive that they inhibit the full implementation of quality education and training programs and have requested "greater discretion in defining appropriate work activities" (National Governor's Association 2002b).

An analysis of federal data collected on state spending of TANF and Maintenance of Effort funds, conducted by the Center for Law and Social Policy, found that states on average are spending only 1 percent of their federal TANF monies on quality education and job training (CLASP, 2002). A 1998 Study by the U.S. GAO reported sharp drops in the provision of job training and education services in the seven states it studied; while job placement services increased dramatically (United States Government Accounting Office 1998).

Remove TANF's 12-month limit on vocational education and training.

Under the 1996 welfare reform legislation, there is a 12-month time limit on vocational education and training as a countable work activity. Many of the most effective programs to reduce self-sufficiency (such as two year degree programs) are not allowable under the current welfare rules. This poses a challenge for one stop centers to serve low-income clients through the Workforce Investment Act.

TANF Reauthorization would restrict the allowable length of training even further. The Bush plan requires that welfare recipients engage in productive activities 40 hours per week, with 24 of those hours required to be paid or subsidized work or on-the job training. Additional education and training activities could count toward the first 24 hours of work per week for only three months out of any two-year period. This would mean that out of five years receiving welfare, recipients could only attend school full-time for short periods, and for a total of 7 months. Women's educational access during the remaining sixteen hours would depend on whether states define a range of education and training activities as allowable. The federal three-month cap would rule out many community college training and pre-apprenticeship programs, including two-year degree programs that could prepare women for skilled jobs in high demand occupations. It also would rule out many of the state education and training programs that have been most effective following welfare reform, and limit the ability of Workforce Investment Act programs to serve low-income clients. It would create an almost insurmountable juggling act for single mothers who would have to work part-time, be in school part-time, care for their children and find time to study. While the Bush plan does allow on-the-job training, this type of training accounts for only a small portion of the types of training that have proven to be effective.

Because students and job training clients only would have the option of going to school part time, the Bush plan may also make it more difficult for low-income workers to obtain financial aid for education. Many workers would be ineligible for aid under the Bush plan because financial aid eligibility requirements are prohibitive for working part-time students.

Clearly articulate and expand the types of education and training that can count as work.

Under current law, job-related postsecondary education is not explicitly identified as an activity that can count as work. Several states have elected to allow postsecondary education to meet work requirements, using either state funds or a combination of state and federal dollars. This has been an extremely effective method of increasing self-sufficiency for a portion of the welfare population. Other states, concerned about meeting immediate work requirements, do not allow postsecondary education to count as work, or do not have a clear policy in place, leaving women's educational options up to individual caseworker discretion. IWPR recommends that Congress expand the definition of countable work activities to include post-secondary education.

Eliminate the arbitrary 30 percent cap on education and training.

The current welfare program allows for 30 percent of cash assistance recipients to count education and training activities as work. We recommend that Congress remove this cap on education and training so that recipients who need training are not restricted from receiving it. The cap makes it risky for states to implement a widespread policy of placement in high quality training because of fears that such placements would compromise work participation rates.

Maintain or increase levels of funding for training and education through the Workforce Investment Act.

With TANF's strong emphasis on employment, welfare agencies are working more closely with state and local workforce development systems (U.S. GAO 2000). Consequently, maintaining funding for Workforce Investment Act programs becomes a vital element in the discussion of reauthorization. Some policy analysts have expressed concern that following the nation's transition to the Workforce Investment Act, states have focused most on providing job search, counseling, and assessment services, rather than training services. Because of the tiered structure of the Workforce Investment Act system, which moves clients from Core, to Intensive, and finally to Training services, clients access job training services as a last step. The Administration's budget plan calls for large cuts to the Workforce Investment Act (WIA) programs that fund individual training accounts (ITAs), which will reduce funds for TANF recipients to pay for training (National Governors' Association 2002b). Bush proposes to reduce funding for Adult Workforce Development by 5 percent and One-Stop Career Centers by 6 percent (National Governors' Association 2002b). Because of the enormous administrative challenge in coordinating various elements of the workforce development system, it is critical that states have adequate funding to provide training to those who would most benefit from it.

Conclusion

The coordination of TANF and WIA holds promise for strengthening both programs. Used to its full potential, WIA can become an integrated service delivery system that reduces poverty by making significant investments in low-income women's human capital. Quality education and training is one of the most reliable and proven anti-poverty strategies. For WIA to realize its full potential, TANF restrictions on education and training for welfare recipients must be removed. For WIA to better serve low-income clients, levels of funding must be maintained or increased to allow states to allocate a greater portion of their resources for education and skills training.

APPENDIX H – SUBMITTED FOR THE RECORD, UTAH DEPARTMENT OF WORKFORCE SERVICES, RESPONSE TO QUESTION REGARDING UTAH'S EXTENSION POLICY, 3/22/02

Utah Department of Workforce Services
Response to Question Regarding Utah's Extension Policy
3/22/02

When Utah began its innovative welfare reform effort in January 1993, it became one of the first states to focus on "self-sufficiency" before eligibility determination, diversion and universal participation. Universal participation is the foundation of our Family Employment Program (FEP).

Financial assistance offers a temporary support system, not a long-term solution to problems. Long term solutions are based on self support and for most families and customers employment is how families become self supporting. Successful efforts to assist persons towards independence are based on an understanding of the social, emotional and economic factors that influence families. In the Family Employment Program, the baseline for success is employment and permanent case closure because the family or individual has connected to other income and/or resources to provide for the basic needs of their household.

Universal participation is based on an assessment of a customer's individualized needs and a willingness on the part of the customer to participate at his or her maximum level in activities designed to increase the household's income. Employment Plans may be renegotiated at any time to meet the customer's needs or concerns. Activities that count towards participation may include a combination of one or more of the following:

- Employment or Pre-Employment Activities
    - On-the-Job-Training
    - Job Search Assistance
    - Employment Mentoring
    - Job Search Activities
    - Unpaid Internships (private or public sector)
- Employment Support Services
    - Work-Site Learning
    - Intensive Employment Services (intensive, work-related case management services targeted at assisting customers to reduce their employment barriers)
- Basic Education
- Post High School Education and Job Skills Training
- Life Skills Achievement (activities that are aimed at resolving in the listed areas)
    - SSI/SSA/VA Disability Benefits Achievement
    - Vocational Rehabilitation
    - Transportation Issues
    - Child Care Issues
    - Family Violence Resolution

- Family Crisis Resolution
- Life Skills Training/Self Esteem Improvement Workshops
- Court/Criminal Problems
- Medical Treatment
- Mental Health
- Substance Abuse
- Rural Location Issues

When Utah implemented FEP it also adopted a 36-month lifetime limit on financial assistance. Law allows DWS to extent up to 20% of its annual financial assistance caseload past the 36-month lifetime limit for specific reasons (defined below). In addition, any parent who is employed for not less than 80 hours per month is rolled over past the 36-month lifetime limit on a month-by-month basis for as long as s/he remains employed for up to 24 months. The employment rollover does not count in the 20% extension cap. When the 36-month lifetime limit began on January 1, 1997, Utah had a caseload of 12,864 families receiving financial assistance. The families receiving assistance then, who did not move away from assistance, reached their lifetime limits on December 31, 1999. There were 436 families in Utah who reached that 36-month limit and 143 families whose financial assistance cases were actually closed due to lifetime limits (because they did not qualify for an extension).

The remaining families continued to receive assistance because they qualified for an extension. Customers who were not extended often continue to qualify for and receive food stamps, Medicaid, training, child care, and/or all employment services we provided in our one-stop system.

Utah has defined extension criteria reasons. These extension reasons also count in the 20% extension pool. Extension criteria must be reviewed with a parent on a month-to-month basis. Parents who do not qualify for an extension at their 36th month, and have their cases closed, may reapply if they later find they qualify for an extension reason.

Extension Criteria Reasons:

- The parent is currently medically unable to work. This includes physical and mental illness, as well as issues of substance abuse.

- The parent is a current victim of domestic violence and the implementation of the time limit would make it more difficult for them to escape the domestic violence situation. In addition, the domestic violence must be a barrier to employment for an extension of the time limit to be considered.

- Parents under age 19 are granted an extension through the month of their nineteenth birthday.

- The parent is required in the home to meet medical needs of a dependent.

- The parent is currently engaged in an approved full-time job preparation, educational or training activity which the parent was expected to complete but completion within the 36 months was not possible through no fault of the parent.

- Through no fault of the parent a delay in the delivery of services provided by DWS occurred. The delay must have had an adverse effect on the parent causing a hardship and preventing the parent from obtaining employment. An extension cannot be granted for more than the length of the delay.

- The customer completed an educational or training program at the 36th month and needs additional time to obtain employment.

- Consider an extension when a customer moves to Utah from another state having exhausted enough months of financial assistance since October 1, 1996 to place them near or past Utah=s 36 month time limit and, through no fault of the parent, a delay in the delivery of services provided by the other state resulted in a hardship to the parent, preventing the parent from obtaining employment. An extension can never be for longer than the delay in services.

Since Utah hit its first 36-month lifetime limit on December 31, 1999, approximately 660 cases have been closed due to time limits. From January 1, 2001 through September 30, 2001, an average of 28 cases were closed per month due to time limits. During that same period, an average of 31 cases were granted an extension each month. In December 2001, Utah had a caseload of 8,463 with 5,779 cases being subject to time limits (excluding child only cases).

DWS is currently contracting with the University of Utah's Social Research Institute (SRI) to study what happens to customers whose cases are closed due to time limits. The first phase of the study focused on the barriers our long term financial assistance customers were facing pre-time limits. The second phase studied followed the families who hit the first lifetime limit for three months, and the third phase of this study will provide a more longitudinal study on these same families. The following components were included in the third phase:

X SRI will continue tracking all individuals who hit a lifetime limit during the year 2000. These individuals will be tracked for one full additional year, with the last group being studied in December 2001.

X Identify individuals who have been termed "successful" and complete service history reviews with the customer and the employment counselor to see what made them "successful"

X Implement a demonstration project which would provide family crisis intervention referrals. The type of crisis and the resulting referral will be monitored.

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